FAIR ISAAC & COMPANY INC
Form S-4/A
June 14, 2002

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As filed with the Securities and Exchange Commission on June 14, 2002

Registration No. 333-89268

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

AMENDMENT NO. 1
TO

FORM S-4

REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

FAIR, ISAAC AND COMPANY, INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**7389**	**94-1499887**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

200 Smith Ranch Road
San Rafael, California 94903
(415) 472-2211

(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Andrea Fike, Esq.
Vice President, General Counsel and Secretary
Fair, Isaac and Company, Incorporated
4295 Lexington Avenue North
St. Paul, Minnesota 55126
(651) 483-8593

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Blair W. White, Esq.	**John Mutch**	**Kenneth Linhares, Esq.**
Pillsbury Winthrop LLP	Chief Executive Officer	Fenwick & West LLP
50 Fremont Street	HNC Software Inc.	Two Palo Alto Square
San Francisco, California 94105	5935 Cornerstone Court West	Palo Alto, California 94306
(415) 983-1000	San Diego, California 92121	(650) 494-0600
	(858) 799-8000	

Approximate Date of Commencement of Proposed Sale to the Public: **As soon as practicable after the effectiveness of this registration statement and the effective time of the merger of a wholly-owned subsidiary of the registrant with and into HNC Software Inc. as described in the Agreement and Plan of Merger dated as of April 28, 2002.**

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a) may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Dear Fair, Isaac and HNC stockholders:

The boards of directors of Fair, Isaac and Company, Incorporated and HNC Software Inc. have approved a merger agreement that provides for the combination of our two companies. Under the proposed merger, HNC will become a wholly-owned subsidiary of Fair, Isaac. We believe that this merger will create a leading provider of business and analytic solutions for a broad range of industries and will create greater value for stockholders than either Fair, Isaac or HNC could have achieved separately.

If the merger is completed, holders of HNC common stock will receive 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock they hold. Fair, Isaac stockholders will continue to own their existing shares after the merger. Fair, Isaac will issue approximately 18.7 million shares of Fair, Isaac common stock to HNC stockholders in the merger, based on the outstanding shares of HNC on June 13, 2002. These shares will represent approximately 36.4% of the outstanding Fair, Isaac common stock after the merger. The Fair, Isaac common stock is listed for trading on the New York Stock Exchange under the symbol "FIC."

The board of directors of HNC recommends that its stockholders approve and adopt the merger agreement and approve the merger. Therefore, we are asking the HNC stockholders to vote **FOR** this proposal.

The board of directors of Fair, Isaac recommends that its stockholders approve the issuance of Fair, Isaac common stock to HNC stockholders in connection with the merger. Therefore, we are asking the Fair, Isaac stockholders to vote **FOR** this proposal.

We cannot complete the merger unless HNC stockholders approve the merger agreement and the merger and Fair, Isaac stockholders approve the issuance of Fair, Isaac common stock in connection with the merger. **THEREFORE, YOUR VOTE IS VERY IMPORTANT**.

We encourage you to carefully read this entire document, including the discussion of risks associated with the merger beginning on page 17, before voting.

The dates, times and places of the meetings are:

For Fair, Isaac stockholders:	For HNC stockholders:
July 23, 2002 at 10:00 a.m. 200 Smith Ranch Road San Rafael, California	July 23, 2002 at 10:00 a.m. 5935 Cornerstone Court West San Diego, California

Thomas Grudnowski Chief Executive Officer Fair, Isaac and Company, Incorporated	John Mutch Chief Executive Officer and President HNC Software Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Fair, Isaac stock to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated June 17, 2002, and was first mailed to stockholders on or about June 19, 2002.

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Fair, Isaac and HNC from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this joint proxy statement/prospectus through the Securities and Exchange Commission website at *www.sec.gov* or by requesting them in writing or by telephone from the appropriate company at one of the following addresses:

Fair, Isaac and Company, Incorporated	HNC Software Inc.
200 Smith Ranch Road	5935 Cornerstone Court West
San Rafael, California 94903	San Diego, California 92121
Attention: Investor Relations	Attention: Corporate Secretary
(415) 492-7122	(858) 799-8000

If you would like to request any documents, please do so by July 16, 2002 in order to receive them before the special meetings.

See "Where You Can Find More Information" on page 93.

[Note: Page for Fair, Isaac Booklet only.]

Notice of Special Meeting of Stockholders of Fair, Isaac and Company, Incorporated

Meeting Date: July 23, 2002

Meeting Time: 10:00 a.m.

Meeting Location: 200 Smith Ranch Road, San Rafael, California

Purpose of the Meeting:

Vote on the proposed issuance of shares of common stock to stockholders of HNC Software Inc. in connection with the merger between HNC and a wholly-owned subsidiary of Fair, Isaac.

Admission:

All stockholders and representatives whom stockholders have authorized in writing are cordially invited to attend the special meeting.

Voting:

Only stockholders of record on June 13, 2002, or their duly authorized proxies, may vote at the special meeting or any adjournment or postponement of the special meeting.

Your vote is important. Please complete, sign, date and return your proxy card in the enclosed envelope promptly. Your proxy may be revoked at any time prior to the special meeting by written request to the Secretary of Fair, Isaac, by voting in person at the special meeting, or by submitting a later-dated proxy.

Andrea Fike
Vice President, General Counsel
and Secretary

June 17, 2002

[Note: Page for HNC Booklet only.]

Notice of Special Meeting of Stockholders of HNC Software Inc.

This letter is the written notice to the stockholders of HNC Software Inc. of the special meeting of HNC stockholders to be held at the date, time and location, and for the purpose, specified below.

Meeting Date: July 23, 2002

Meeting Time: 10:00 a.m.

Meeting Location: 5935 Cornerstone Court West, San Diego, California

Purpose of the Meeting:

Vote on the approval and adoption of the Agreement and Plan of Merger, dated as of April 28, 2002, by and among HNC, Fair, Isaac and Company, Incorporated and a wholly-owned subsidiary of Fair, Isaac, and the approval of the proposed merger of HNC with a wholly-owned subsidiary of Fair, Isaac.

Admission:

All stockholders and representatives whom stockholders have authorized in writing are cordially invited to attend the special meeting.

Voting:

Only stockholders of record on June 13, 2002, or their duly authorized proxies, may vote at the special meeting or any adjournment or postponement of the special meeting.

Your vote is important. Please complete, sign, date and return your proxy card in the enclosed envelope promptly. Your proxy may be revoked at any time prior to the special meeting by written request to the Secretary of HNC, by voting in person at the special meeting, or by submitting a later-dated proxy.

John Mutch
Chief Executive Officer and President

June 17, 2002

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: When and where are the stockholder meetings?

A: Each company's meeting will take place on July 23, 2002 at 10:00 a.m. Fair, Isaac's meeting will be held at 200 Smith Ranch Road, San Rafael, California. HNC's meeting will be held at 5935 Cornerstone Court West, San Diego, California.

Q: What do I need to do now?

A: Mail your signed proxy card in the enclosed return envelope as soon as possible, so your shares will be represented at your meeting. In order to be sure that your vote is counted, please submit your proxy as instructed on your proxy card even if you plan to attend a meeting in person.

Q: As an HNC stockholder, what will I receive in the merger?

A: You will receive 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock that you own. For example, if you own 1,000 shares of HNC common stock, you will receive 519 shares of Fair, Isaac common stock. However, you will receive only whole shares. You will receive cash for any fractional share.

Q: As a Fair, Isaac stockholder, will I receive additional shares of Fair, Isaac common stock in the merger?

A: No. You will continue to hold the same number of shares of Fair, Isaac common stock after the merger. Shares of Fair, Isaac common stock will be issued only to HNC stockholders in the merger. The merger will result in Fair, Isaac stockholders holding a smaller percentage of Fair, Isaac stock than the percentage of Fair, Isaac stock they currently hold.

Q: What does my board of directors recommend?

A: The board of directors of HNC recommends that its stockholders vote in favor of the merger and merger agreement. The board of directors of Fair, Isaac recommends that its stockholders vote in favor of the issuance of Fair, Isaac common stock in connection with the merger.

Q: What do I do if I want to change my vote?

A: You should send in a later-dated, signed proxy card to your company's Secretary before your meeting. Or you can attend your meeting in person and vote. You may also revoke your proxy by sending a notice of revocation to your company's Secretary at the address under "Who We Are" on page 3.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A: If you do not provide your broker with instructions on how to vote your "street name" shares, your broker will not be permitted to vote them on the merger. Therefore, you should be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or internet voting.

Q: Why is it important for me to vote?

A: We cannot complete the merger without HNC stockholders voting in favor of the merger and merger agreement and Fair, Isaac stockholders voting in favor of the issuance of Fair, Isaac common stock in connection with the merger.

Q: What if I don't vote?

A: If you are a Fair, Isaac stockholder and you do not give voting instructions to your broker or you do not vote, you will, in effect, be losing your opportunity to vote on the issuance of common stock in connection with the merger.

If you are an HNC stockholder and do not give voting instructions to your broker or you do not vote, you will, in effect, be voting against the merger and merger agreement.

Q: Should I send in my stock certificates now?

A: No. If the merger is completed, we will send HNC stockholders written instructions for exchanging their HNC share certificates for Fair, Isaac share certificates. Fair, Isaac stockholders will keep their existing certificates.

Q: When do you expect the merger to occur?

A: We are working to complete the merger as soon as possible. Assuming we receive the required stockholder and regulatory approvals, we expect to complete the merger in the third calendar quarter of 2002.

Q: What are the tax consequences of the merger?

A: Fair, Isaac and HNC are not obligated to close the merger unless they receive an opinion from outside tax counsel that says that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes. If the merger qualifies as a tax-free reorganization, then generally the companies and their stockholders will not recognize gain or loss as a result of the merger for U.S. federal income tax purposes and HNC stockholders will not recognize gain or loss on the exchange of their stock, other than on account of cash received for a fractional share.

Q: Are there risks I should consider in deciding whether to vote for the merger?

A: Yes. For example, the number of shares of Fair, Isaac common stock that HNC stockholders will receive will not change even if the market price of Fair, Isaac common stock increases or decreases before completion of the merger. We urge you to obtain current market quotations of Fair, Isaac common stock and HNC common stock. In evaluating the merger, you should carefully consider these and other factors discussed in the section entitled "Risk Factors" beginning on page 17.

Q: Who do I call if I have questions about the meetings or the merger?

A: Fair, Isaac stockholders may call 1-888-414-5566. HNC stockholders may call 1-800-462-3977.

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this document and the documents we have referred you to, including the merger agreement attached as Annex A to this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 93.

Who We Are

Fair, Isaac and Company, Incorporated
200 Smith Ranch Road
San Rafael, California 94903
(415) 472-2211

Fair, Isaac provides creative analytics that unlock value for people, businesses and industries. Fair, Isaac's predictive modeling, decision analysis, intelligence management and decision engine systems power more than 14 billion decisions a year. Founded in 1956, Fair, Isaac helps thousands of companies in over 60 countries acquire customers more efficiently, increase customer value, reduce risk and credit losses, lower operating expenses and enter new markets more profitably. Leading banks and credit card issuers rely on Fair, Isaac's analytic solutions, as do many insurers, retailers, telecommunications providers and other customer-oriented companies. Through the www.myFICO.com website, consumers use Fair, Isaac's FICO® scores, the standard measure of credit risk, to understand and manage their credit risk profile.

HNC Software Inc.
5935 Cornerstone Court West
San Diego, California 92121
(858) 799-8000

HNC provides high-end analytic and decision management software applications and tools that enable customers to manage their customer interactions and make other important business choices. HNC's products analyze large bodies of data, such as transaction histories, and convert this information into real-time business recommendations. HNC's products empower its customers to make millions of mission-critical customer-related decisions and respond to business issues in real time, which can improve their financial performance, reduce their costs and decrease their risk. HNC's customers include both global and domestic companies in the financial services, insurance, telecommunications, healthcare and other industries, as well as government clients.

Why We Recommend the Merger

We believe the combined company will be positioned for stronger financial returns than could be achieved by either company separately, partly through significant cost reductions, but also because the combined company will have a broader mix of quality products, skills and technology. Fair, Isaac and HNC are natural partners, with many complementary products and operations. Of course, these benefits depend on our ability to obtain the necessary approvals for the merger, and on other uncertainties described beginning on page 17.

To review our reasons for the merger in greater detail, see pages 40 through 41.

To Fair, Isaac stockholders: The Fair, Isaac board believes that the merger and the issuance of common stock in connection with the merger are fair to and in the best interests of its stockholders and recommends that Fair, Isaac stockholders vote FOR the issuance of Fair, Isaac common stock in connection with the merger.

To HNC stockholders: The HNC board believes that the merger is fair to and in the best interests of its stockholders and recommends that HNC stockholders vote FOR the approval and adoption of the merger agreement and approval of the merger.

Opinions of Fair, Isaac's Financial Advisors
(see page 43)

In deciding to approve the merger, Fair, Isaac's board of directors received an opinion from each of Stephens Inc. and Salomon Smith Barney Inc. dated April 28, 2002, that, as of that date, the exchange ratio was fair, from a financial point of view, to Fair, Isaac. These opinions are attached as Annex B and Annex C, respectively. You are urged to read these opinions carefully for a discussion of the assumptions made, matters considered and limitations on the review by the financial advisors in rendering their opinions.

Opinion of HNC's Financial Advisor
(see page 53)

In connection with the proposed merger, HNC's financial advisor, Credit Suisse First Boston Corporation, delivered a written opinion to the HNC board of directors as to the fairness, from a financial point of view, of the exchange ratio provided for in the merger. The full text of Credit Suisse First Boston's written opinion, dated April 28, 2002, is attached to this joint proxy statement/prospectus as Annex D. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. Credit Suisse First Boston's opinion is addressed to the HNC board of directors and does not constitute a recommendation to any stockholder as to any matters relating to the merger.

What HNC Stockholders Will Receive in the Merger (see page 75)

As a result of the merger, HNC stockholders will receive 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock. This exchange ratio reflects Fair, Isaac's 3-for-2 stock split on June 5, 2002.

Fair, Isaac will not issue any fractional shares in the merger. Instead, HNC stockholders will receive a cash payment in the amount of the proceeds from the sale of their fractional Fair, Isaac shares in the market by the exchange agent shortly after the closing of the merger.

Example:

> If you own 10 shares of HNC common stock, then after the merger you will receive 5 shares of Fair, Isaac common stock and the sale proceeds for 0.19 of one share of Fair, Isaac common stock, rounded to the nearest one cent.

On June 13, 2002, the last per-share sales price of Fair, Isaac common stock on the New York Stock Exchange Consolidated Tape was $35.00. Applying the exchange ratio to this Fair, Isaac price, holders of HNC common stock would be entitled to receive Fair, Isaac common stock with a market value of approximately $18.17 for each share of HNC common stock. However, the market price for Fair, Isaac common stock is likely to change before the merger. You are urged to obtain current price quotes for Fair, Isaac common stock and HNC common stock. See "Risk Factors" beginning on page 17.

The shares of Fair, Isaac common stock are listed on the New York Stock Exchange under the ticker symbol "FIC."

The Merger Qualifies as a Tax-Free Reorganization (see page 60)

It is a condition to the obligations of HNC and Fair, Isaac to complete the merger that each receive a legal opinion from outside counsel that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes. Accordingly, the transaction has been structured so that the companies themselves, as well as holders of Fair, Isaac stock, will not recognize gain or loss as a result of the merger. Holders of HNC common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of their HNC stock for Fair, Isaac stock in the merger, except for any gain or loss recognized in connection with the receipt of cash instead of a fractional share of Fair, Isaac common stock. You should consult your tax advisor regarding the tax consequences of the merger to you.

Ownership of Fair, Isaac After the Merger

Fair, Isaac will issue approximately 18.7 million shares of common stock to HNC stockholders in the merger. The shares of Fair, Isaac common stock to be issued to HNC stockholders in the merger will represent approximately 36.4% of the outstanding Fair, Isaac common stock immediately after the merger. This information is based on the number of Fair, Isaac and HNC shares outstanding on June 13, 2002 and does not take into account stock options or other equity-based awards or any other shares which may be issued before the merger as allowed by the

merger agreement.

Stockholder Vote Required to Approve the Merger

For Fair, Isaac stockholders: Approval of the issuance of Fair, Isaac common stock in connection with the merger requires the affirmative vote of a majority of the votes cast for or against the common stock issuance, provided that the total number of votes cast for or against the common stock issuance represents at least a majority of Fair, Isaac's outstanding shares. As of the record date, Fair, Isaac's directors, executive officers and their affiliates beneficially owned in the aggregate approximately 1.7% of Fair, Isaac's outstanding

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common stock entitled to vote at the Fair, Isaac stockholders meeting.

For HNC stockholders: Approval of the merger requires the affirmative vote of a majority of the outstanding shares of HNC common stock. As of the record date, HNC's directors, executive officers and their affiliates beneficially owned approximately 0.4% of HNC's outstanding common stock entitled to vote at the HNC stockholders meeting.

Appraisal Rights Are Not Available
(see page 62)

The holders of Fair, Isaac and HNC common stock do not have any right to an appraisal of the value of their shares in connection with the merger.

Board of Directors of Fair, Isaac After the Merger

Following the merger, the board of directors of Fair, Isaac will consist of the current directors of Fair, Isaac plus two new directors who are selected by Fair, Isaac and are either directors of HNC or other individuals reasonably acceptable to HNC.

The Interests of Certain HNC Officers and Directors in the Merger May Differ from HNC Stockholders' Interests (see page 64)

When you consider the HNC board's recommendation that HNC stockholders vote in favor of the merger agreement and the merger, you should be aware that a number of HNC officers and directors may have interests in the merger that may be different from, or in addition to, HNC stockholders' interests.

Accounting Treatment (see page 60)

Fair, Isaac will account for this merger under the purchase method of accounting for business combinations.

Completion of the Merger is Subject to Certain Conditions (see page 81)

The completion of the merger depends upon meeting a number of conditions, including the following:

- approval of the merger and the merger agreement by the HNC stockholders;
- approval of the issuance of Fair, Isaac common stock in connection with the merger by the Fair, Isaac stockholders;
- expiration or termination of the relevant waiting period under the Hart-Scott-Rodino Act;
- absence of any legal prohibition on completion of the merger;
- Fair, Isaac's registration statement relating to the Fair, Isaac common stock to be issued in the merger remaining effective;

- the NYSE's authorization of the listing of the Fair, Isaac common stock to be issued in connection with the merger;
- receipt of opinions of Fair, Isaac's or HNC's counsel that the merger will qualify as a tax-free reorganization;
- absence of a material adverse effect on Fair, Isaac or HNC during the period from April 28, 2002 until the closing of the merger;
- accuracy as of closing of the representations and warranties made by Fair, Isaac and HNC, respectively, except for inaccuracies that would not have a material adverse effect on the other party or its ability to complete the merger;
- material performance of all material obligations of Fair, Isaac and HNC, respectively, under the merger agreement;
- receipt by Fair, Isaac of an opinion of either Fair, Isaac's or HNC's counsel relating to the tax treatment of the spin-off of a former subsidiary of HNC in September 2000;
- receipt by Fair, Isaac of comfort letters from HNC's auditors; and
- receipt by Fair, Isaac of resignations of the directors and designated officers of HNC and its subsidiaries.

We Have Not Yet Obtained Regulatory Approvals
(see page 62)

Under the Hart-Scott-Rodino Act, the merger cannot be completed until after a required waiting period, including any extension of the waiting period, has expired or been terminated. The U.S. Federal Trade Commission or the U.S. Department of Justice has the authority to request additional information from proposed merging parties. The FTC or the DOJ also has the authority to challenge the merger on antitrust grounds by seeking a federal court order enjoining the transaction pending an

administrative hearing. The DOJ is reviewing the merger, and has asked Fair, Isaac and HNC for additional information. We are in the process of gathering the information that the DOJ has requested. The completion of the merger is not subject to the approval of the European Commission. We are in the process of determining in which other foreign jurisdictions regulatory filings or approvals may be required or desirable.

Fair, Isaac and HNC are working to obtain the required regulatory approvals and consents. However, we can give no assurance as to when or whether any of these approvals and consents will be obtained or the terms and conditions that may be imposed.

As described beginning on page 62, Fair, Isaac and HNC are not required to close the merger unless the regulatory conditions to completion of the merger are satisfied.

HNC is Prohibited From Soliciting Other Offers
(see page 76)

The merger agreement contains detailed provisions that prohibit HNC and its subsidiaries, and their officers, directors, employees, agents and representatives, from taking any action to solicit or engage in discussions or negotiations with any person with respect to an acquisition proposal as defined in the merger agreement.

However, in the event that HNC receives a bona fide unsolicited written acquisition proposal, HNC may engage in discussions or negotiations and take certain other actions if HNC's board of directors determines, in the manner provided for in the merger agreement, that the proposal is, or is reasonably likely to result in, a superior offer, as defined in the merger agreement.

The Merger Agreement May Be Terminated
(see page 83)

Either Fair, Isaac or HNC can terminate the merger agreement if any of the following occurs:

- we do not complete the merger by October 31, 2002; however, that date may be extended by Fair, Isaac or HNC to as late as December 31, 2002 if the reason for not closing by October 31, 2002 is that the regulatory conditions specified in the merger agreement have not been satisfied;
- Fair, Isaac or HNC stockholders do not give their required approvals;
- a law or court order permanently prohibits the merger;
- there is a material breach by the other party of its representations and warranties or covenants and obligations in the merger agreement which is not cured, except for breaches which do not have a material adverse effect on the other party or its ability to complete the merger; or
- neither Fair, Isaac's nor HNC's counsel is able to deliver the opinion that consummation of the merger will not have certain adverse effects on the tax-treatment of the spin-off of a former subsidiary of HNC from HNC in September 2000.

In addition, HNC can terminate the merger agreement if the Fair, Isaac board withdraws or amends or modifies in a manner adverse to HNC its recommendation of the Fair, Isaac common stock issuance to its stockholders in connection with the merger, and Fair, Isaac can terminate the merger agreement if the HNC board withdraws or amends or modifies in a manner adverse to Fair, Isaac its recommendation of the merger agreement and the merger to its stockholders.

Fair, Isaac can also terminate the merger agreement if HNC breaches its obligations not to solicit acquisition proposals or to call and hold an HNC stockholders meeting to consider and vote on the merger, if HNC approves or recommends an acquisition proposal made to HNC by a third party or if HNC's board fails to recommend rejection of a tender offer by a third party.

Finally, the boards of Fair, Isaac and HNC can mutually agree to terminate the merger agreement even if the merger has been approved by their stockholders.

Fees May Be Payable On Termination
(see page 84)

HNC must pay Fair, Isaac a termination fee of $25 million in cash if the merger agreement is terminated in any of the following circumstances:

- a third party publicly proposes an alternative acquisition transaction, either party terminates the merger agreement based on the failure of HNC stockholders to approve the merger, and HNC enters into and completes an alternative

acquisition transaction within specified time periods;

- a third party publicly proposes an alternative acquisition transaction, HNC willfully and materially breaches the merger agreement, Fair, Isaac terminates the merger agreement due to the material breach, and HNC enters into and completes an alternative acquisition transaction within specified time periods;
- HNC's board withdraws or amends or modifies in a manner adverse to Fair, Isaac its recommendation of the merger, fails to include its recommendation of the merger in this joint proxy statement/prospectus, fails to reaffirm its recommendation upon

Fair, Isaac's request, approves or recommends an alternative acquisition transaction, or fails to recommend rejection of any third party tender or exchange offer, and Fair, Isaac terminates the merger agreement; or

HNC materially breaches the merger agreement by soliciting alternative acquisition proposals or failing to call a stockholders meeting, and Fair, Isaac terminates the merger agreement as a result.

Comparison of Stockholders' Rights
(see page 89)

The rights of HNC stockholders currently are governed by Delaware law, the HNC certificate of incorporation and the HNC bylaws. HNC stockholders will receive Fair, Isaac common stock in the merger, so that after the merger their rights as Fair, Isaac stockholders will be governed by Delaware law, the Fair, Isaac certificate of incorporation and the Fair, Isaac bylaws, which differ in some respects from HNC's certificate of incorporation and bylaws.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

How We Prepared the Financial Statements

We derived the following information from the audited financial statements of Fair, Isaac and HNC for the fiscal years 1997 through 2001, the unaudited financial statements of Fair, Isaac for the six months ended March 31, 2002 and 2001, and the unaudited financial statements of HNC for the three months ended March 31, 2002 and 2001. The information is only a summary, and you should read it together with our historical financial statements and related notes contained in the annual reports and other information that we have filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 93.

Anticipated Accounting Treatment

The Fair, Isaac unaudited pro forma condensed combined consolidated financial statements give effect to the proposed merger using the purchase method of accounting and have been prepared on the basis of assumptions described in the notes, including assumptions relating to the allocation of the consideration paid. The actual allocation of such consideration may differ materially from the assumptions reflected in the Fair, Isaac unaudited pro forma condensed combined consolidated financial statements after valuations and other procedures to be performed after the closing of the merger are completed.

Merger-Related Expenses

We estimate that merger-related fees and expenses, consisting primarily of SEC and regulatory filing fees, fees and expenses of investment bankers, attorneys and accountants, and financial printing and other related charges, will be approximately $18.6 million. See note (A) on page 72.

Integration-Related Expenses

Though not yet fully quantified, significant costs will be incurred for employee severance and other integration-related expenses, including the elimination of duplicate facilities, operational realignment and workforce reductions. These expenditures are necessary to reduce the costs of ongoing operations and to operate more effectively. These amounts will be charged to operations in the appropriate periods and, therefore, are not reflected in the unaudited pro forma condensed combined consolidated financial statements. See note (A) on page 72.

Periods Covered

The unaudited pro forma condensed combined consolidated statement of operations for the six months ended March 31, 2002 combines Fair, Isaac's and HNC's unaudited results for the six month period ended March 31, 2002. The unaudited pro forma condensed combined consolidated statement of operations for the year ended September 30, 2001 combines Fair, Isaac's audited consolidated statement of operations for the fiscal year ended September 30, 2001 with HNC's unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2001.

The HNC unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2001 reflects the pro forma results as if HNC acquired the Blaze business unit from Brokat Technologies, Inc. on January 1, 2001. Blaze was acquired by HNC on August 15, 2001. These results represent revenue and expenses recognized by the predecessor owner of Blaze from January 1, 2001 through August 14, 2001 and are not reflective of actual results subsequent to HNC's acquisition of Blaze.

The unaudited pro forma condensed combined consolidated statement of operations for the six months ended March 31, 2002 includes actual results for Blaze subsequent to the acquisition. These amounts reflect the effects of integrating Blaze, including associated cost-cutting measures.

The unaudited pro forma condensed combined consolidated balance sheet combines the unaudited balance sheets of Fair, Isaac and HNC as of March 31, 2002.

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SELECTED HISTORICAL FINANCIAL DATA

Selected Historical Financial Data of Fair, Isaac

The following selected historical consolidated financial data as of March 31, 2002 and 2001, and for the six month periods ended March 31, 2002 and 2001, have been derived from Fair, Isaac's unaudited consolidated financial statements. The unaudited consolidated results of operations data for the six months ended March 31, 2002 and 2001 are not necessarily indicative of the results to be expected for any other interim period or for fiscal year 2002 as a whole. However, in the opinion of Fair, Isaac's management, the interim financial data presented reflect all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the financial condition at such dates and the results of operations for such periods. The selected historical consolidated financial data as of September 30, 2001 and 2000, and for each of the years in the three-year period ended September 30, 2001 have been derived from Fair, Isaac's audited consolidated financial statements incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data as of September 30, 1999, 1998 and 1997 and for the years ended September 30, 1998 and 1997 are derived from Fair, Isaac's audited financial statements that are not incorporated by reference in this joint proxy statement/prospectus. The selected historical per share data reflect Fair, Isaac's 3-for-2 stock split on June 5, 2002. This information is only a summary and you should read it together with Fair, Isaac's historical financial statements and related notes contained in the annual reports and other information that Fair, Isaac has filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 93.

	Six Months Ended March 31,		Years Ended September 30,				
	2002	2001	2001	2000	1999	1998	1997
	(thousands of dollars, except per-share amounts)						
Consolidated Statement of Operations Data:							
Revenues	$ 172,111	$ 158,454	$ 329,148	$ 298,630	$ 277,041	$ 245,545	$ 199,009
Income from operations	41,826	30,944	72,107	44,614	46,375	40,432	37,756
Income before income taxes	45,649	33,180	76,853	47,070	50,600	42,105	35,546
Net income	27,732	19,476	46,112	27,631	29,980	24,327	20,686
Earnings per share							
Diluted	$ 0.77	$ 0.58	$ 1.33	$ 0.84	$ 0.93	$ 0.75	$ 0.65
Basic	$ 0.81	$ 0.60	$ 1.40	$ 0.86	$ 0.95	$ 0.79	$ 0.69
Dividends per share	$ 0.03	$ 0.03	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05

	At March 31,		At September 30,				
	2002	2001	2001	2000	1999	1998	1997
	(thousands of dollars)						
Consolidated Balance Sheet Data:							
Working capital	$ 173,893	$ 107,497	$ 94,624	$ 100,694	$ 55,885	$ 54,852	$ 47,727

	At March 31,		At September 30,				
Total assets	354,447	257,086	317,013	241,288	210,353	189,614	145,228
Long-term capital lease obligations					364	789	1,183
Stockholders' equity	305,614	216,998	271,772	199,001	156,499	133,451	103,189

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Selected Historical Financial Data of HNC

The following selected historical consolidated financial data as of March 31, 2002 and 2001, and for the three month periods ended March 31, 2002 and 2001, have been derived from HNC's unaudited consolidated financial statements that are incorporated by reference in this joint proxy statement/prospectus. The unaudited consolidated results of operations data for the three months ended March 31, 2002 and 2001 are not necessarily indicative of the results to be expected for any other interim period or for fiscal year 2002 as a whole. However, in the opinion of HNC's management, the interim financial data presented reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial condition at such dates and the results of operations for such periods. Except as described in footnote (1) below, the selected historical consolidated financial data as of December 31, 2001 and 2000, and for each of the years in the three-year period ended December 31, 2001 have been derived from HNC's audited consolidated financial statements incorporated by reference in this joint proxy statement/prospectus. Except as described in footnote (1) below, the selected historical consolidated financial data as of December 31, 1999, 1998 and 1997 and for the years ended December 31, 1998 and 1997 are derived from HNC's audited financial statements that are not incorporated by reference in this joint proxy statement/prospectus. During September 2000, HNC completed the spin-off of its former Retek subsidiary. Subsequent to the spin-off, Retek's results of operations and financial condition were not included in HNC's results of operations and financial condition, and consequently the comparability of the data presented below is impacted. The selected historical consolidated financial data give retroactive effect to the acquisitions of Risk Data, Retek and CompReview for all periods presented, as HNC accounted for these acquisitions as poolings of interests. This information is only a summary and you should read it together with HNC's historical consolidated financial statements and related notes contained in the annual reports and other information that HNC has filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 93.

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	Three Months Ended March 31,		Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(in thousands, except per-share amounts)						
Consolidated Statement of Operations Data:							
Total revenues	$ 55,297	$ 53,970	$ 226,670	$ 254,884	$ 216,889	$ 178,608	$ 113,735
Operating income (loss)	(4,969)	(10,186)	(42,523)	(149,741)	(6,784)	21,026	23,040
Net income (loss)	(4,111)	(15,938)	(36,452)	(116,418)	(6,272)	10,452	17,565
Basic net income (loss) per share	$ (0.12)	$ (0.48)	$ (1.06)	$ (4.08)	$ (0.25)	$ 0.41	$ 0.72
Diluted net income (loss) per share	$ (0.12)	$ (0.48)	$ (1.06)	$ (4.08)	$ (0.25)	$ 0.39	$ 0.68
As adjusted net income (loss)(1)	N/A	$ 1,642	$ 3,578	$ (87,120)	$ (1,992)	$ 12,368	N/A
As adjusted basic net income (loss) per share(1)	N/A	$ 0.05	$ 0.10	$ (3.05)	$ (0.08)	$ 0.49	N/A
As adjusted diluted net income (loss) per share(1)	N/A	$ 0.05	$ 0.10	$ (3.05)	$ (0.08)	$ 0.46	N/A
Pro forma net income(2)	N/A	N/A	N/A	N/A	N/A	N/A	15,417
Pro forma basic net income per share(2)	N/A	N/A	N/A	N/A	N/A	N/A	$ 0.64
Pro forma diluted net income per share(2)	N/A	N/A	N/A	N/A	N/A	N/A	$ 0.60
Shares used in computing basic net income (loss) per share, basic as adjusted net income (loss) per share and basic pro forma net income per share	35,549	33,084	34,509	28,529	24,969	25,362	24,275

	Three Months Ended March 31,		Years Ended December 31,				
Shares used in computing diluted net income (loss) per share, diluted as adjusted net income (loss) per share and diluted pro forma net income per share	35,549	33,084	34,509	28,529	24,969	26,650	25,681

	At March 31,		At December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(thousands of dollars)						
Consolidated Balance Sheet Data:							
Cash, cash equivalents and marketable securities available for sale	$ 308,347	$ 162,810	$ 313,725	$ 162,753	$ 234,081	$ 153,340	$ 42,946
Total assets	577,239	426,409	578,026	447,741	416,421	283,914	119,877
Long-term obligations, less current portion	152,298	294	151,684	16,616	104,111	101,039	239
Total stockholders' equity	386,300	397,594	387,819	382,574	249,573	153,021	103,860

(1) As adjusted net income (loss) and net income (loss) per share amounts reflect the exclusion of amortization of goodwill and certain intangible assets, presented to comply with FAS 142 as if this standard had been adopted at the beginning of the respective periods. As adjusted net income (loss) and net income (loss) per share amounts are unaudited for the year ended December 31, 1998 and are not applicable for the year ended December 31, 1997 as there was no amortization of goodwill or intangible assets during that year.

(2) Pro forma net income and net income per share reflect a provision for taxes on the income of CompReview, which prior to HNC's acquisition was a subchapter S corporation, as if CompReview had been liable for corporate income taxes as a C corporation for all periods presented.

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Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Data

The following selected unaudited pro forma condensed combined consolidated financial data gives effect to the proposed merger between Fair, Isaac and HNC using the purchase method of accounting for business combinations. This information is not necessarily indicative of the historical results that would have occurred had the merger been consummated at the beginning of the earliest period presented or the future results that the combined company will experience after the merger. This data should be read in conjunction with Fair, Isaac's unaudited pro forma condensed combined consolidated financial statements and related notes, which you can find beginning on page 67 of this joint proxy statement/prospectus.

The unaudited pro forma condensed combined consolidated statements of operations data of Fair, Isaac gives effect to the proposed merger as if it had been consummated on October 1, 2000. The unaudited pro forma condensed combined consolidated statement of operations data of Fair, Isaac for the six month period ended March 31, 2002 combines the unaudited consolidated statements of operations of Fair, Isaac and HNC for the six month period ended March 31, 2002. The unaudited pro forma condensed combined consolidated statement of operations data of Fair, Isaac for the fiscal year ended September 30, 2001 combines the audited historical consolidated statement of operations of Fair, Isaac for the fiscal year ended September 30, 2001 with the unaudited pro forma condensed consolidated statement of operations of HNC for the year ended December 31, 2001.

The HNC unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2001 reflects the pro forma results as if HNC acquired Blaze on January 1, 2001. Blaze was acquired by HNC on August 15, 2001. These results represent revenue and expenses recognized by the predecessor owner of Blaze from January 1, 2001 through August 14, 2001 and are not reflective of actual results subsequent to HNC's acquisition of Blaze.

The unaudited pro forma condensed combined consolidated statement of operations for the six months ended March 31, 2002 includes actual results for Blaze subsequent to the acquisition. These amounts reflect the effects of integrating Blaze including associated cost-cutting measures.

The unaudited pro forma condensed combined consolidated balance sheet data of Fair, Isaac gives effect to the proposed merger as if it had occurred on March 31, 2002, and combines the unaudited historical consolidated balance sheets of Fair, Isaac and HNC as of March 31, 2002.

The pro forma data is based on an exchange ratio for the merger of 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock. The pro forma and per share data reflect Fair, Isaac's 3-for-2 stock split on June 5, 2002.

There can be no assurance that Fair, Isaac and HNC will not incur charges in excess of those included in the pro forma total consideration related to the merger or that Fair, Isaac management will be successful in its effort to integrate the operations of the companies. See "Risk Factors" beginning on page 17.

The assumptions used in the following pro forma statements were determined as of June 13, 2002.

	Six Months Ended March 31, 2002	Year Ended September 30, 2001
	(thousands of dollars, except per-share amounts)	
Pro Forma Condensed Combined Consolidated Statement of Operations Data:		
Revenue	$ 281,959	$ 573,175
Income before income taxes	38,690	47,457
Provision for income taxes	15,863	19,457
Net income	22,827	28,000
Earnings per share		
Diluted	$ 0.39	$ 0.52
Basic	$ 0.43	$ 0.55
Dividends per share	$ 0.03	$ 0.05

	At March 31, 2002
	(thousands of dollars)
Pro Forma Condensed Combined Consolidated Balance Sheet Data:	
Working capital	$ 447,367
Total assets	1,378,406
Long-term obligations, less current portion	157,070
Stockholders' equity	1,122,630

Comparative Per Share Data

Set forth below are the net income (loss), cash dividends and book value per common share data separately for Fair, Isaac and HNC on a historical basis, for Fair, Isaac and HNC on a pro forma combined basis per Fair, Isaac common share and on a pro forma combined basis per HNC equivalent share. The following selected unaudited pro forma data gives effect to the proposed merger between Fair, Isaac and HNC using the purchase method of accounting for the business combination as described under "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements" beginning on page 67. You should not rely on the selected unaudited pro forma condensed combined consolidated financial data being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger.

The pro forma data is based on an exchange ratio for the merger of 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock. The Fair, Isaac historical and pro forma per share data reflect Fair, Isaac's 3-for-2 stock split on June 5, 2002.

The historical book value per share information presented is computed by dividing total stockholders' equity for each of Fair, Isaac or HNC by the number of shares of Fair, Isaac or HNC common stock, respectively, outstanding as of the respective balance sheet date.

The pro forma combined net income per share information is computed by dividing the pro forma combined net income by the sum of Fair, Isaac's weighted average common shares outstanding during each period and the number of shares of Fair, Isaac common stock to be issued in connection with the proposed merger, assuming Fair, Isaac had merged with HNC on October 1, 2000. The pro forma combined net income per equivalent HNC common share information is computed by multiplying Fair, Isaac's combined pro forma net income per share amounts by the exchange ratio of 0.519.

The pro forma combined book value per Fair, Isaac share is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of Fair, Isaac common stock outstanding at March 31, 2002, assuming the merger had occurred on that date. Pro forma combined book value per equivalent HNC common share is computed by multiplying Fair, Isaac's pro forma combined book value per share by the exchange ratio of 0.519.

You should read the information below together with our historical financial statements and related notes contained in the annual reports and other information that we have filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 93.

	Six Months Ended March 31, 2002	Fiscal Year Ended September 30, 2001
Fair, Isaac historical per common share data:		
Net income diluted	$ 0.77	$ 1.33
Net income basic	0.81	1.40
Cash dividends	0.03	0.05
Book value at end of period	8.84	8.00
Fair, Isaac pro forma combined per Fair, Isaac common share data(1):		
Net income diluted	$ 0.39	$ 0.52
Net income basic	0.43	0.55
Cash dividends	0.03	0.05
Book value at end of period	21.15	N/A
Fair, Isaac pro forma combined per HNC equivalent common share data(1):		
Net income diluted	$ 0.20	$ 0.27
Net income basic	0.22	0.29
Cash dividends	0.01	0.03
Book value at end of period	10.97	N/A

	Three Months Ended March 31, 2002	Fiscal Year Ended December 31, 2001
HNC historical per common share data:		
Net loss diluted	$ (0.12)	$ (1.06)
Net loss basic	(0.12)	(1.06)
Cash dividends		
Book value at end of period	10.83	10.95

(1) Due to different fiscal year-ends, financial information for Fair, Isaac for the year ended September 30, 2001 has been combined with financial information relating to HNC for the year ended December 31, 2001.

Historical and Pro Forma Per Share Market Price Information

Fair, Isaac common stock is traded on the New York Stock Exchange under the symbol "FIC." HNC common stock is traded on the Nasdaq National Market under the symbol "HNCS."

We present below the per share closing market price as reported on the Nasdaq National Market and the New York Stock Exchange for shares of HNC common stock and Fair, Isaac common stock, respectively. We present this information as of April 26, 2002, the last trading day before the public announcement of the signing of the merger agreement, and as of June 13, 2002, the latest practicable date prior to the printing of this joint proxy statement/prospectus.

We also present the implied equivalent per share value for shares of HNC common stock, which is the Fair, Isaac common stock price multiplied by the merger exchange ratio based upon the closing price of Fair, Isaac's common stock on April 26, 2002 and June 13, 2002, respectively.

We urge you to obtain current market quotations for HNC common stock and Fair, Isaac common stock before voting on the proposal described in this document.

	Fair, Isaac	HNC	Exchange Ratio(1)	HNC Equivalent Value
April 26, 2002	$ 64.09	$ 17.44	0.346	$ 22.18
June 13, 2002	$ 35.00	$ 17.86	0.519	$ 18.17

(1) Prior to Fair, Isaac's 3-for-2 stock split on June 5, 2002, the exchange ratio was 0.346. Following the stock split, the exchange ratio has been adjusted to 0.519.

RISK FACTORS

The proposed merger involves risk. By voting in favor of the merger, current HNC stockholders will be choosing to invest in Fair, Isaac common stock. By voting in favor of the issuance of Fair, Isaac common stock in connection with the merger, current Fair, Isaac stockholders will face dilution of their ownership interest in Fair, Isaac and Fair, Isaac's assumption of risks associated with HNC's liabilities, including its contingent liabilities. An investment in Fair, Isaac common stock involves risk. You should consider all of the information that we have included in this joint proxy statement/prospectus and its annexes, and all of the information in the documents we have incorporated by reference, including the other risks described in HNC's report on Form 10-Q filed with the SEC on May 9, 2002 (pp. 19-29), and in Fair, Isaac's report on Form 10-Q filed with the SEC on May 15, 2002 (pp. 20-25). See "Where you can find more information" on page 93. In addition, you should carefully read and consider the following factors. Additional risks and uncertainties not presently known to Fair, Isaac and HNC or that are not currently believed to be important to you also may adversely affect the merger and Fair, Isaac and HNC as a combined company.

Risk Factors Related to the Merger

The value of the merger consideration that HNC stockholders will receive will depend on the market value of Fair, Isaac common stock at the effective time of the merger.

In the merger, HNC stockholders will receive 0.519 of a share of Fair, Isaac common stock in exchange for each of their shares of HNC common stock. The market value of Fair, Isaac common stock has varied since Fair, Isaac and HNC entered into the merger agreement, and is

likely to continue to vary between the date of this joint proxy statement/prospectus and the effective time of the merger. After the merger, the market value of Fair, Isaac common stock will also change over time. As a result, the value of Fair, Isaac common stock that HNC stockholders will receive in the merger cannot now be determined. This market value may be less than or greater than $18.17 per share of HNC common stock, which is the value of the merger consideration based upon the closing sales price of Fair, Isaac common stock on the NYSE of $35.00 on June 13, 2002, the latest practicable date prior to the printing of this joint proxy statement/prospectus. The market value may be less than the value per share based on the market price of Fair, Isaac common stock on the day before the signing of the merger agreement or the day of the stockholder meetings. If the market value of Fair, Isaac common stock declines prior to the effective time of the merger (including as a result of the pendency of the merger), then the dollar value of the merger consideration to be received by the holders of HNC common stock in the merger will correspondingly decline. There will be no adjustment to the exchange ratio as a result of changes in the market value of either Fair, Isaac or HNC common stock, and the parties do not have a right to terminate the merger agreement based upon changes in the market price of either Fair, Isaac common stock or HNC common stock.

Although Fair, Isaac and HNC expect that the merger will result in benefits to the combined company, the combined company may not realize those benefits because of integration and other challenges.

The failure of the combined company to meet the challenges involved in successfully integrating the operations of Fair, Isaac and HNC or otherwise to realize any of the anticipated benefits of the merger, including anticipated cost savings described in this joint proxy statement/prospectus, could seriously harm the results of operations of the combined company. Realizing the benefits of the merger will depend in part on the integration of the two companies' different products, technologies, operations, and personnel. The integration of the companies is a complex, time-consuming and expensive process that, even with proper planning and implementation, could significantly disrupt the businesses of Fair, Isaac and HNC. In many recent mergers, especially mergers involving technology companies, merger partners have experienced difficulties integrating the combined businesses, and Fair,

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Isaac has not previously faced an integration challenge as substantial as the one presented by the merger. The challenges involved in this integration include the following:

- persuading employees that the business cultures of Fair, Isaac and HNC are compatible, maintaining employee morale and retaining key employees;
- managing a workforce over expanded geographic locations;
- demonstrating to the customers of Fair, Isaac and to the customers of HNC that the merger will not lower client service standards, interfere with business focus, adversely affect product quality or alter current product development plans;
- consolidating and rationalizing corporate IT and administrative infrastructures;
- combining product offerings;
- coordinating sales and marketing efforts to effectively communicate the capabilities of the combined company to current and prospective customers;
- coordinating and rationalizing research and development activities to enhance introduction of well designed new products and technologies;
- preserving marketing or other important relationships of both Fair, Isaac and HNC and resolving potential conflicts that may arise;
- minimizing the diversion of management attention from other ongoing business concerns; and
- coordinating and combining overseas operations, relationships and facilities, which may be subject to additional constraints imposed by local laws and regulations.

The combined company may not successfully integrate the operations of Fair, Isaac and HNC in a timely manner, or at all. Moreover, the combined company may not realize the anticipated benefits or synergies of the merger to the extent, or in the time frame, anticipated. The anticipated benefits and synergies relate to cost savings associated with anticipated restructurings and other operational efficiencies, greater economies of scale and revenue growth opportunities through expanded markets and cross-sell opportunities. However, these anticipated

benefits and synergies are based on projections and assumptions, not actual experience, and assume a successful integration.

In order to be successful, the combined company must retain and motivate key employees, which will be more difficult in light of uncertainty regarding the merger, and failure to do so could seriously harm the combined company.

The market for highly skilled employees is limited, and the loss of key employees could have a significant negative impact on the combined company's operations. Employee retention may be a particularly challenging issue in connection with the merger. Although the HNC board of directors has designed and adopted a retention program to provide key HNC employees with financial incentives to remain with the company for relatively short time periods after the closing of the merger, there will still be significant risk that the combined company will not be able to retain these HNC employees in the short or long term. Employees of Fair, Isaac or HNC may experience uncertainty about their future role with the combined company, even after strategies with regard to the combined company are announced or executed. This circumstance may hurt the combined company's ability to attract and retain key management, marketing and technical personnel. The combined company also must continue to motivate employees and keep them focused on the strategies and goals of the combined company. This task may be particularly difficult due to the potential distractions of the merger and morale challenges posed by workforce reductions of the combined company anticipated in connection with the merger.

The stock prices and businesses of Fair, Isaac and HNC may be adversely affected if the merger is not completed.

If the merger is not completed, the prices of Fair, Isaac common stock and HNC common stock may decline to the extent that the current market prices of Fair, Isaac common stock and HNC common stock reflect a market assumption that the merger will be completed. In addition, Fair, Isaac's business and HNC's operations may be harmed to the extent that customers, suppliers and others believe that the companies cannot effectively compete in the marketplace without the merger, or otherwise remain uncertain about the companies. Fair, Isaac and HNC also will be required to pay significant costs incurred in connection with the merger, whether or not the merger is completed. Moreover, under specified circumstances, HNC may be required to pay Fair, Isaac a termination fee of $25 million in connection with the termination of the merger agreement.

Charges to earnings resulting from the application of the purchase method of accounting may cause the market value of Fair, Isaac's common stock to decline following the merger.

In accordance with United States generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting. This method will result in charges to earnings that could cause the market value of the common stock of Fair, Isaac to decline following completion of the merger. Under the purchase method of accounting, the combined company will allocate the total estimated purchase price to HNC's net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development, based on their fair values as of the date of completion of the merger. The combined company will record the excess of the purchase price over those fair values as goodwill. The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The preliminary estimate of the amount to be expensed in the quarter in which the merger is completed related to in-process research and development is $39.3 million. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. Annual amortization of intangible assets, currently estimated at $12.9 million, will result in an estimated increase in amortization expense of $10.8 million on an annual basis, as compared to Fair, Isaac's amortization expense for such items during its most recent fiscal year of $2.1 million. In addition, to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired in the future, the combined company may be required to incur material charges relating to the impairment of those assets. These depreciation, amortization, in-process research and development and potential impairment charges could have a material adverse impact on the combined company's results of operations.

The combined company may incur significant liabilities and restructuring charges resulting from integration of the two companies.

The unaudited pro forma condensed combined consolidated financial statements included in this joint proxy statement/prospectus do not include any adjustments for liabilities resulting from integration planning. Management of Fair, Isaac is in the process of assessing the costs associated with integration and estimates are not yet known. However, liabilities ultimately will be recorded for severance, retention or relocation costs related to HNC employees, costs of vacating some facilities, or other costs associated with ceasing certain activities of HNC. In addition, Fair, Isaac may incur restructuring charges upon completion of the merger or in subsequent quarters for severance or relocation costs related to Fair, Isaac employees, costs of vacating some facilities, or other costs associated with ceasing certain activities of Fair, Isaac. These liabilities and charges may be significant and could seriously harm the combined company's operating results in future periods.

Customer uncertainties related to the merger could adversely affect the businesses and results of operations of Fair, Isaac, HNC and the combined company.

In response to the announcement of the merger or due to ongoing uncertainty about the merger, customers of Fair, Isaac or HNC may delay or defer purchasing decisions or elect to switch to other suppliers. In particular, prospective customers could be reluctant to purchase the combined company's products due to uncertainty about the direction of the combined company's product offerings and the combined company's willingness to support and service existing products. Prospective and current clients may worry about how integration of the two companies' technologies may affect current and future products. To the extent that the merger creates uncertainty among those persons and organizations contemplating product purchases such that one large customer, or a significant group of smaller customers, delays, defers or changes purchases, the results of operations of Fair, Isaac, HNC or the combined company would be seriously harmed. Further, Fair, Isaac and HNC may have to make additional customer assurances and assume additional obligations to address their customers' uncertainty about the direction of the combined company's products and related support offerings. Accordingly, quarterly results of operations of Fair, Isaac, HNC or the combined company could be substantially below expectations of market analysts, decreasing the companies' respective stock prices.

The completion of the merger depends on regulatory approval which, even if granted, may result in unfavorable restrictions or conditions.

The merger is subject to review by the United States Department of Justice or the Federal Trade Commission under the Hart-Scott-Rodino Act. Fair, Isaac and HNC have made their required pre-merger notification filings and are awaiting the expiration or termination of the applicable waiting period, which is a condition to completion of the merger. On June 10, 2002, the staff of the DOJ issued a formal second request for information as part of its review of the merger. We are in the process of responding to this request. The waiting period will be extended until 30 days after Fair, Isaac and HNC comply with the request. Compliance with the DOJ's request could take a significant amount of time and could delay the closing of the merger. In addition, Fair, Isaac and HNC could make other filings with or notifications to, and receive authorizations and approvals of, governmental agencies in certain foreign countries relating to antitrust issues in connection with the merger. Satisfying these regulatory requirements also could delay consummation of the merger. Any such delay could diminish the anticipated benefits of the merger, result in additional transaction costs or loss of revenue, or exacerbate other effects associated with uncertainty about the transaction, including a decline in Fair, Isaac's common stock price.

The reviewing authorities may not permit the merger at all or may impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Fair, Isaac or HNC may refuse to complete the merger if restrictions or conditions are required by governmental authorities that would be reasonably likely to have a material adverse effect on the benefits reasonably expected by the combined company as a result of the merger.

Some of the directors and executive officers of HNC have interests and arrangements that could have affected their decision to support or approve the merger.

The interests of some of the directors and executive officers of HNC in the merger and their participation in arrangements that are different from, or are in addition to, those of Fair, Isaac and HNC stockholders generally could have affected their decision to support or approve the merger. These interests include severance arrangements, retention bonuses contingent upon the completion of the merger, and the acceleration of vesting of stock options in connection with the merger. As a result, these directors and officers may be more likely to recommend the proposals relating to the merger

than if they did not have these interests. Please see the section entitled "Interests of Certain Persons in the Merger" beginning on page 64 of this joint proxy statement/prospectus.

The pending merger may prevent Fair, Isaac and HNC from pursuing other potentially beneficial opportunities.

In the merger agreement, both companies agreed to restrict some of their actions while the merger is pending. HNC agreed not to solicit alternative transactions, and agreed in some instances to pay a termination fee of $25 million to Fair, Isaac. HNC also agreed not to, and not to permit any subsidiary to, enter into any merger or restructuring agreements, issue securities other than subject to specified restrictions, or acquire any equity interest or assets of any company or division of a company. Moreover, HNC agreed not to, and not to permit any subsidiary to, liquidate or reorganize, declare a dividend, redeem or repurchase its stock, make capital expenditures beyond budgeted amounts, sell or encumber its material assets or property, incur or guarantee any debt other than in immaterial amounts under existing arrangements, license its

intellectual property other than subject to specified restrictions, enter into related-party transactions or amend any customer contracts. Fair, Isaac agreed generally not to enter into any mergers or related transactions that would require stockholder approval unless the record date for required stockholder approval would be after the completion of the merger with HNC. Additionally, Fair, Isaac agreed that the aggregate number of shares issued in mergers or related transactions would not exceed 19.9% of Fair, Isaac's common stock. These commitments may preclude Fair, Isaac or HNC from pursuing attractive business opportunities, should any arise prior to the completion of the merger or termination of the merger agreement. Please see the section entitled "The Merger Agreement Covenants" beginning on page 76 of this joint proxy statement/prospectus.

The effective tax rate of the combined company is uncertain, and any increase in tax liability would harm the combined company's results.

The impact of the merger on the overall effective tax rate of the combined company is uncertain. Although the combined company will attempt to optimize its overall effective tax rate, it is difficult to predict the effective tax rate of the combined company. The combination of the operations of Fair, Isaac and HNC may result in an overall effective tax rate for the combined company that is higher than Fair, Isaac's currently reported tax rate, and it is possible that the combined effective tax rate of Fair, Isaac and HNC as a combined company may exceed the average of the pre-merger tax rates of Fair, Isaac and HNC.

Some anti-takeover provisions contained in the combined company's certificate of incorporation, bylaws and stockholder rights plan, as well as provisions of Delaware law, could impair a takeover attempt.

After the merger, HNC stockholders will become stockholders of Fair, Isaac. Fair, Isaac, like HNC, has provisions in its certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by the company's board of directors. These include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to its common stock;
- limiting the liability of, and providing indemnification to, directors and officers;
- limiting the ability of Fair, Isaac stockholders to call special meetings; and
- requiring advance notice of stockholder proposals for business to be conducted at annual meetings of Fair, Isaac stockholders and for nominations of candidates for election to the Fair, Isaac board of directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of Fair, Isaac.

In addition, Fair, Isaac, like HNC, has adopted a stockholder rights plan. The rights are not intended to prevent a takeover of Fair, Isaac. However, the rights may have the effect of rendering more difficult or discouraging an acquisition of Fair, Isaac deemed undesirable by the Fair, Isaac board of directors. The rights will cause substantial dilution to a person or group that attempts to acquire Fair, Isaac on terms or in a manner not approved by the Fair, Isaac board of directors, except pursuant to an offer conditioned upon redemption of the rights.

As a Delaware corporation, Fair, Isaac is also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders from engaging in certain business combinations without approval of either Fair, Isaac's board of directors or the holders of two-thirds of Fair, Isaac's outstanding common stock not owned by the stockholders who are engaged in such business combination.

Any provision of Fair, Isaac's certificate of incorporation or bylaws, Fair, Isaac's stockholder rights plan or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for Fair, Isaac stockholders, including former HNC stockholders, to receive a premium for their shares of Fair, Isaac common stock, and could also affect the price that some investors are willing to pay for Fair, Isaac common stock.

Risk Factors Related to Fair, Isaac and the Combined Company

Since the revenues of the combined company will depend, to a great extent, upon general economic conditions and, more particularly, upon conditions in the consumer credit, financial services and insurance industries, a downturn in any of those industries will harm our results of operations.

During fiscal 2001, approximately 87% of the combined company's pro forma revenues were derived from sales of products and services to the consumer credit, financial services and insurance industries. A downturn in the consumer credit, the financial services or the insurance industry, including a downturn caused by increases in interest rates or a tightening of credit, among other factors, could harm the combined company's results of operations. Since 1990, while the rate of account growth in the U.S. bankcard industry has been slowing and many of Fair, Isaac's and HNC's large institutional clients have merged and consolidated, Fair, Isaac has generated most of its revenue growth from its bankcard-related scoring and account management businesses by cross-selling its products and services to large banks and other credit issuers. As this industry continues to consolidate, the combined company may have fewer opportunities for revenue growth due to changing demand for the combined company's products and services that support clients' customer acquisitions programs. In addition, industry consolidation could affect the base of recurring revenues derived from contracts in which the combined company is paid on a per-transaction basis if consolidated customers combine their operations under one contract. We cannot assure you that the combined company will be able to effectively promote future revenue growth in our businesses.

In addition, a softening of demand for the combined company's decisioning solutions caused by a weakening of the economy generally may result in decreased revenues or lower growth rates. Due to the current slowdown in the economy generally, we believe that many of the combined company's existing and potential customers are reassessing or reducing their planned technology investments and deferring purchasing decisions. As a result, there is increased uncertainty with respect to the combined company's expected revenues. Further delays or reductions in business spending for business analytics could seriously harm the combined company's revenues and operating results.

Quarterly revenues and operating results have varied significantly in the past and this unpredictability will likely continue in the future and could lead to substantial declines in the market price for the combined company's common stock.

Both of Fair, Isaac's and HNC's revenues and operating results have varied significantly in the past and in some quarters have resulted in net losses. We expect fluctuations in the combined company's

operating results to continue for the foreseeable future. Consequently, we believe that you should not rely on period-to-period comparisons of financial results as an indication of future performance. It is possible that in some future periods our operating results may fall below the expectations of market analysts and investors, and in this event the market price of the combined company's common stock would likely fall. In addition, with the exception of the cost of ScoreNet® service data purchased by Fair, Isaac, most of the combined company's operating expenses will not be affected by short-term fluctuations in revenues; thus, short-term fluctuations in revenues may significantly impact operating results. Moreover, to the extent that some HNC customers have recently changed from paying license fees on a recurring transactional basis to paying one-time license fees, the combined company's recurring revenues and gross margins for future quarters will decrease. Factors that will affect the combined company's revenues and operating results include the following:

- variability in demand from the combined company's existing customers;
- the lengthy and variable sales cycle of many products;
- consumer dissatisfaction with, or problems caused by, the performance of the combined company's products;
- the relatively large size of orders for the combined company's products and our inability to compensate for unanticipated revenue shortfalls;
- the timing of new product announcements and introductions in comparison with the combined company's competitors;
- the level of the combined company's operating expenses;
- changes in competitive conditions in the consumer credit, financial services and insurance industries;
- fluctuations in domestic and international economic conditions;
- the combined company's ability to complete large installations on schedule and within budget;

acquisition-related expenses and charges; and

timing of orders for and deliveries of software systems.

The combined company will derive a substantial portion of our revenues from a small number of products and services, and our revenue will decline if the market does not continue to accept these products and services.

HNC's Falcon Fraud Manager, Decision Manager for Medical Bill Review and Outsourced Bill Review products and services, and Fair, Isaac's revenues generated from agreements with TransUnion, Equifax and Experian, in the aggregate accounted for approximately 35% of the combined company's pro forma revenues in fiscal year 2001. We expect that some or all of these products and services will continue to account for a substantial portion of the combined company's total revenues for the foreseeable future. Our revenue will decline if the market does not continue to accept these products and services. Factors that might affect the market acceptance of these products and services include the following:

changes in the business analytics industry;

technological change;

our inability to obtain or use state fee schedule or claims data in our insurance products;

saturation of market demand;

loss of key customers;

industry consolidation;

factors that reduce the effectiveness of or need for fraud detection capabilities; and

reduction of the use of credit and other payment cards as payment methods.

The combined company will continue to depend upon major contracts with credit bureaus, and our future revenue could decline if the terms of these relationships change.

The combined company will continue to derive a substantial portion of our revenues from contracts with the three major credit bureaus. These contracts, which normally have a term of five years or less, accounted for approximately 22% of the combined company's pro forma revenues in fiscal 2001. If the combined company is unable to renew any of these contracts on the same or similar terms, our revenues and results of operations would be harmed.

The combined company's revenue growth could decline if any major customer cancels, reduces or delays a purchase of our products.

Most of the combined company's customers are relatively large enterprises, such as banks, insurance companies and telecommunications carriers. The combined company's future success will depend upon the timing and size of future licenses, if any, from these customers and new customers. Many of the combined company's customers and potential customers are significantly larger than we are and may have sufficient bargaining power to demand reduced prices and favorable nonstandard terms. The loss of any major customer, or the delay of significant revenue from these customers, could reduce or delay our recognition of revenue.

The combined company's ability to increase our revenues will depend to some extent upon introducing new products and services, and if the marketplace does not accept these new products and services, the combined company's revenues may decline.

The combined company will have a significant share of the available market in Fair, Isaac's Scoring segment and for certain services in the Strategy Machine segment (specifically, account management services at credit card processors), and in the market for credit card fraud detection software through HNC's Falcon products. To increase the combined company's revenues, we must enhance and improve existing products and continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. We believe much of the combined company's future growth

prospects will rest on our ability to continue to expand into newer markets for our products and services, such as direct marketing, insurance, small business lending, retail, telecommunications, personal credit management, the design of business strategies using Strategy Science technology and internet services. These areas are relatively new to our product development and sales and marketing personnel, and completely new to some personnel integrated as a result of the merger. Products that the combined company plans to market in the future, including products using HNC's Critical Action Platform, are in various stages of development. We cannot assure you that the marketplace will accept these products. If the combined company's current or potential customers are not willing to switch to or adopt our new products and services, our revenues will decrease.

Defects, failures and delays associated with the combined company's introduction of new products could seriously harm our business.

Significant undetected errors or delays in new products or new versions of a product, especially in the area of customer relationship management, may affect market acceptance of the combined company's products and could harm our business, results of operations or financial position. If the combined company were to experience delays in commercializing and introducing new or enhanced products, if customers were to experience significant problems with implementing and installing products, or if customers were dissatisfied with product functionality or performance, our business, results of operations or financial position could be harmed. In the past, HNC has experienced delays while developing and introducing new products and product enhancements, primarily due to difficulties

developing models, acquiring data and adapting to particular operating environments. Errors or defects in the combined company's products that are significant, or are perceived to be significant, could result in the rejection of our products, damage to our reputation, lost revenues, diverted development resources, potential product liability claims and increased service and support costs and warranty claims.

If the combined company fails to keep up with rapidly changing technologies, our products could become less competitive or obsolete.

In our markets, technology changes rapidly, and there are continuous improvements in computer hardware, network operating systems, programming tools, programming languages, operating systems, database technology and the use of the internet. If the combined company fails to enhance our current products and develop new products in response to changes in technology or industry standards, our products could rapidly become less competitive or obsolete. For example, the rapid growth of the internet environment creates new opportunities, risks and uncertainties for businesses, such as ours, which develop software that must also be designed to operate in internet, intranet and other online environments. Our future success will depend, in part, upon our ability to:

- internally develop new and competitive technologies;
- use leading third-party technologies effectively;
- continue to develop our technical expertise;
- anticipate and effectively respond to changing customer needs;
- initiate new product introductions in a way that minimizes the impact of customers delaying purchases of existing products in anticipation of new product releases; and
- influence and respond to emerging industry standards and other technological changes.

New product introductions and pricing strategies by the combined company's competitors could decrease our product sales and market share, or could result in pressure to reduce our product prices in a manner that reduces the combined company's margins.

The combined company may not be able to compete successfully against our competitors and this could impair our ability to sell our products. The market for business analytics is new, rapidly evolving and highly competitive, and the combined company expects competition in this market to persist and intensify. Our competitors vary in size and in the scope of the products and services they offer, and include:

- credit bureaus;
- computer service providers;

regional risk management, marketing, systems integration and data warehousing competitors;

application software companies, including enterprise software vendors;

management information system departments of customers and potential customers, including financial institutions, insurance companies and telecommunications carriers;

third-party professional services and consulting organizations;

internet companies;

hardware suppliers that bundle or develop complementary software;

network and telecommunications switch manufacturers, and service providers that seek to enhance their value-added services;

neural network tool suppliers; and

managed care organizations.

The combined company expects to experience additional competition from other established and emerging companies, as well as from other technologies. For example, HNC's Falcon Fraud Manager and Falcon Fraud Manager for Merchants products compete against other methods of preventing credit card fraud, such as credit card activation programs, credit cards that contain the cardholder's photograph, smart cards and other card authorization techniques. Many of the combined company's anticipated competitors have greater financial, technical, marketing, professional services and other resources than will the combined company. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote greater resources than the combined company to develop, promote and sell their products. Many of these companies have extensive customer relationships, including relationships with many of HNC's and Fair, Isaac's current and the combined company's potential customers. Furthermore, new competitors or alliances among competitors may emerge and rapidly gain significant market share. If the combined company is unable to respond as quickly or effectively to changes in customer requirements as our competition, our ability to grow our business and sell our products will be negatively affected.

Our competitors may sell products competitive to ours at lower prices individually or as part of integrated suites of several related products. This may cause our customers to purchase products of our competitors that directly compete with our products in order to acquire other products of the competitor. Price reductions could negatively impact the combined company's margins and results of operations, and could also harm our ability to obtain new long-term contracts and renewals of existing long-term contracts on favorable terms.

Any failure by the combined company to recruit and retain additional qualified personnel could hinder our ability to successfully manage our business.

The combined company's future success will likely depend in large part on our ability to attract and retain experienced sales, research and development, marketing, technical support and management personnel. The complexity of our products requires highly trained customer service and technical support personnel to assist customers with installation and deployment of our products. The labor market for these persons is very competitive due to the limited number of people available with the necessary technical skills and understanding. HNC and Fair, Isaac have each experienced difficulty in recruiting qualified personnel, especially technical and sales personnel and the combined company may need additional staff to support new customers and/or increased customer needs. The combined company may also recruit and employ skilled technical professionals from other countries to work in the United States. Limitations imposed by federal immigration laws and the availability of visas could hinder the combined company's ability to attract necessary qualified personnel and harm the combined company's business and future operating results. There is a risk that even if the combined company invests significant resources in attempting to attract, train and retain qualified personnel, we will not succeed in our efforts, and our business could be harmed.

The combined company will continue to rely upon proprietary technology rights, and if we are unable to protect them, our business could be harmed.

The success of the combined company will depend, in part, upon our proprietary technology and other intellectual property rights. To date, Fair, Isaac and HNC have relied primarily on a combination of copyright, patent, trade secret, and trademark laws, and nondisclosure and other contractual restrictions on copying and distribution to protect our proprietary technology. Because the protection of our proprietary technology is

limited, it could be used by others without our consent. In addition, patents may not be issued with respect to the combined company's pending or future patent applications, and our patents may not be upheld as valid or may not prevent the development of competitive products. Any disclosure, loss, invalidity of, or failure to protect, our intellectual property could negatively impact our competitive position, and ultimately, our business. We cannot assure you that the combined company's means of protecting our intellectual property rights in the United States or abroad will be adequate or that others, including our competitors, will not use our proprietary

technology without our consent. Furthermore, litigation may be necessary to enforce the combined company's intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could harm our business, operating results and financial condition.

In addition, HNC has developed technologies under research projects conducted under agreements with various United States government agencies or subcontractors. Although HNC acquired commercial rights to these technologies, the United States government typically retains ownership of intellectual property rights and licenses in the technologies developed by HNC under these contracts, and in some cases can terminate our rights in these technologies if the combined company fails to commercialize them on a timely basis. Under these contracts with the United States government, the results of research may be made public by the government, which could limit the combined company's competitive advantage with respect to future products based on our research.

The combined company may be subject to possible infringement claims that could harm our business.

With recent developments in the law that permit patenting of business methods, we expect that products in the industry segments in which the combined company will compete, including software products, will increasingly be subject to claims of patent infringement as the number of products and competitors in our industry segments grow and the functionality of products overlaps. The combined company will have to defend claims made against either Fair, Isaac's or HNC's products, and such claims may require us to:

- incur significant defense costs or substantial damages;
- cease the use or sale of infringing products;
- expend significant resources to develop or license a substitute non-infringing technology;
- discontinue the use of some technology; or
- obtain a license under the intellectual property rights of the third party claiming infringement, which license may not be available on reasonable terms, or at all. A license, if obtained, might require that we pay substantial royalties or license fees that would reduce our margins.

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

Internet-based, business-to-business electronic commerce requires the secure transmission of confidential information over public networks. Several of the combined company's products are accessed through the internet, including our new consumer services accessible through the *www.myfico.com* website. Consumers using the internet to access their personal information will demand the secure transmission of such data. Security breaches in connection with the delivery of the combined company's products and services, including our netsourced products and consumer services, or well-publicized security breaches affecting the internet in general, could significantly harm the combined company's business, operating results and financial condition. We cannot be certain that advances in computer capabilities, new discoveries in the field of cryptography, or other developments will not compromise or breach the technology the combined company will use to protect content and transactions on the networks on which the netsourced products, consumer services and the proprietary information in our databases are accessed or made available.

The combined company may incur risks related to acquisitions or significant investment in businesses.

Both of Fair, Isaac and HNC have made in the past, and the combined company may make in the future, acquisitions of, or significant investments in, businesses that offer complementary products, services and technologies. Fair, Isaac made one acquisition in 2001 and HNC acquired four businesses and product lines in 2001 and three to date in 2002. Any acquisitions or investments will be accompanied by the risks commonly encountered in acquisitions of businesses. Such risks include:

- the possibility that the combined company will pay more than the acquired companies or assets are worth;
- the difficulty of assimilating the operations and personnel of the acquired businesses;
- the potential product liability associated with the sale of the acquired companies' products;
- the potential disruption of our ongoing business;
- the potential dilution of the combined company's existing stockholders and earnings per share;
- unanticipated liabilities, legal risks and costs;
- the distraction of management from our ongoing business; and
- the impairment of relationships with employees and clients as a result of any integration of new management personnel.

These factors could harm the combined company's business, results of operations or financial position, particularly in the event of a significant acquisition.

The combined company may not be able to sustain the revenue growth rates previously experienced by HNC and Fair, Isaac individually.

We cannot assure you that the combined company will experience the same rate of revenue growth as HNC and Fair, Isaac have experienced individually because of the difficulty of maintaining high percentage increases as the base of revenue increases. If the combined company's revenue does not increase at or above the rate analysts expect, the trading price for the combined company's common stock may decline.

If the combined company's products do not comply with government regulations that apply to the combined company or to our customers, we could be exposed to liability or our products could become obsolete.

Legislation and governmental regulation inform how our business is conducted. Both our core businesses and Fair, Isaac's newer consumer initiatives are affected by regulation. Significant regulatory areas include:

- federal and state regulation of consumer report data and consumer reporting agencies, such as the Fair Credit Reporting Act, or FCRA;
- regulation designed to insure that lending practices are fair and non-discriminatory, such as the Equal Credit Opportunity Act;
- privacy law, such as provisions of the Financial Services Modernization Act of 1999;
- regulations governing the extension of credit to consumers and by Regulation E under the Electronic Fund Transfers Act, as well as non-governmental VISA and MasterCard electronic payment standards;

- Fannie Mae and Freddie Mac regulations, among others, for conforming loans, for our mortgage services products;
- insurance regulations related to our insurance products; and
- consumer protection laws, such as federal and state statutes governing the use of the internet and telemarketing.

In connection with the combined company's core activities, these statutes will continue, to some degree, to directly govern our operations. For example, the Financial Services Modernization Act of 1999 restricts our use and transmittal of nonpublic personal information, grants consumers opt out rights, requires us to make disclosures to consumers about our collection and use of personal information and governs when and how we may deliver credit score explanation services to consumers. Many foreign jurisdictions relevant to the combined company's business will also regulate our operations. For example, the European Union's Privacy Directive creates minimum standards for the protection of personal data. In addition, some EU member states have enacted protections which go beyond the requirements of the Privacy Directive. The combined company will be subject to the risk of possible regulatory enforcement actions if it fails to comply with any of the statutes governing its operations.

Additionally, governmental regulation influences our current and prospective clients' activities, as well as their expectations and needs in relation to our products and services. For example, the combined company's clients include credit bureaus, credit card processors, telecommunications companies, state and federally chartered banks, savings and loan associations, credit unions, consumer finance companies, insurance companies and other consumer lenders, all of which are subject to extensive and complex federal and state regulations, and often international regulations. Moreover, industries of the combined company's future clients may also be subject to extensive regulations. The combined company must appropriately design products and services to function in regulated industries or risk liability to our customers for our products' non-compliance.

Finally, existing regulation and legislation is subject to change or more restrictive interpretation by enforcement agencies, and new restrictive legislation might pass. For example, new legislation might restrict the sharing of information by affiliated entities, mandate providing credit scores to consumers, or narrow the permitted uses of consumer report data. Currently, the permitted uses of consumer report data in connection with customer acquisition efforts are governed primarily by the FCRA, whose federal preemption provisions effectively expire in 2004. Unless extended, this expiration could lead to greater state regulation, increasing the cost of customer acquisition activity. State regulation could cause financial institutions to pursue new strategies, reducing the demand for the combined company's products. In addition, in many states, including California, there have been periodic legislative efforts to reform workers' compensation laws in order to reduce workers' compensation insurance costs and to curb abuses of the workers' compensation system. Simplifying state workers' compensation laws, regulations or fee schedules could diminish the need for, and the benefits provided by, Decision Manager for Medical Bill Review products and Outsourced Bill Review services now offered by HNC. Any changes to existing regulation or legislation, new regulation or legislation, or more restrictive interpretation of existing regulation could harm the combined company's business, results of operations and financial condition.

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

To develop, install and support the combined company's products, including consumer credit, financial services, predictive modeling, decision analysis, intelligence management, credit card fraud control and profitability management, loan underwriting and insurance products, we will require periodic updates of our statistical models. The combined company must develop or obtain a reliable

source of sufficient amounts of current and statistically relevant data to analyze transactions and update our models. In most cases, these data must be periodically updated and refreshed to enable the combined company's products to continue to work effectively in a changing environment. We do not own or control much of the data that we require, most of which are collected privately and maintained in proprietary databases. Generally, our customers agree to provide us the data we require to analyze transactions, report results and build new predictive models. If we fail to maintain good relationships with our customers, or if they decline to provide such data due to legal privacy concerns or a lack of permission from their own customers, we could lose access to required data and our products might become less effective. In addition, HNC's Decision Manager for Medical Bill Review products use data from state workers' compensation fee schedules adopted by state regulatory agencies. Third parties have previously asserted copyright interests in this data. These assertions, if successful, could prevent the combined

company from using the data. Any interruption of our supply of data could seriously harm the combined company's business, financial condition or results of operations.

The combined company's operations outside the United States subject us to unique risks that may harm our results of operations.

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

- the general economic and political conditions in countries where the combined company will sell our products and services;
- incongruent tax structures;
- difficulty in staffing the combined company's operations in various countries;
- the effects of a variety of foreign laws and regulations;
- import and export licensing requirements;
- longer payment cycles;
- potentially reduced protection for intellectual property rights;
- currency fluctuations;
- changes in tariffs and other trade barriers; and
- difficulties and delays in translating products and related documentation into foreign languages.

We cannot assure you that the combined company will be able to successfully address each of these challenges in the near term.

Additionally, some of the combined company's business will be conducted in currencies other than the U.S. dollar. Foreign currency transaction gains and losses are not currently material to the combined company's financial position, results of operations or cash flows. An increase in the combined company's foreign revenues could subject us to increased foreign currency transaction risks in the future.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Statements contained in this joint proxy statement/prospectus that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. In addition, certain statements in Fair, Isaac's and HNC's future filings with the Securities and Exchange Commission, in press releases, and in oral and written statements made by Fair, Isaac or HNC or with our approval that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenue, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of our plans and objectives by our respective managements or boards of directors, including those relating to the proposed merger, products or services; (iii) statements of future

economic performance of both HNC and Fair, Isaac, either separately or combined; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted," and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- the possibility that the anticipated benefits from the merger cannot be fully realized;
- the possibility that costs or difficulties related to the integration of our businesses will be greater than expected;
- the impact of competition on revenues and margins;
- the introduction of new technologies and trends in the markets for business analytics;
- the ability of the combined company to develop and successfully market new products;
- the factors discussed in the section entitled "Risk Factors" beginning on page 17; and
- other risk factors as may be detailed from time to time in Fair, Isaac's and HNC's public announcements and filings with the Securities and Exchange Commission.

Forward-looking statements speak only as of the date on which statements are made, and neither Fair, Isaac nor HNC undertakes any obligation to update any forward-looking statement to reflect events or circumstances occurring after the date on which such statement is made.

THE MERGER

General

Fair, Isaac's board of directors is using this joint proxy statement/prospectus to solicit proxies from the holders of Fair, Isaac common stock for use at the Fair, Isaac meeting. HNC's board of directors is also using this joint proxy statement/prospectus to solicit proxies from the holders of HNC common stock for use at the HNC meeting.

Fair, Isaac Proposal

At the Fair, Isaac meeting, holders of Fair, Isaac common stock will be asked to vote upon approval of the proposed issuance of Fair, Isaac common stock in connection with the merger.

HNC Proposal

At the HNC meeting, holders of HNC common stock will be asked to vote upon approval and adoption of the merger agreement and approval of the merger.

Background of the Merger

Fair, Isaac and HNC have been familiar with each other's businesses for many years, as they have provided customers in the financial services sector with solutions that assist these companies in different decision-making processes. In the fall of 1997, executive officers of HNC and Fair, Isaac briefly discussed the possibility of a business combination between the companies, but Fair, Isaac determined that it was not

interested in pursuing such a transaction at that time and the discussions terminated with no further action being taken.

In October 2001, John Mutch, HNC's Chief Executive Officer and President, and Thomas Grudnowski, Fair, Isaac's Chief Executive Officer, met under social circumstances at the invitation of Stephens Inc., an investment banking firm. Messrs. Grudnowski and Mutch discussed aspects of Fair, Isaac's and HNC's businesses, including similarities in the companies' strategic visions, but had no discussions regarding a potential business combination between the companies at that time. Following this meeting, Mr. Grudnowski and representatives of Stephens, on behalf of Fair, Isaac, attempted several times in late 2001 and in January 2002 to arrange a second meeting between Messrs. Grudnowski and Mutch for the purpose of exploring a strategic transaction between the two companies, but no meeting was held at that time.

At a regular meeting of Fair, Isaac's board held on November 16, 2001, Mr. Grudnowski described to the board his meeting with Mr. Mutch. Fair, Isaac's board briefly discussed the strategic benefits of a potential transaction between Fair, Isaac and HNC.

In November 2001, Alex Hart, a member of HNC's board of directors, received a telephone call from the Chief Executive Officer of Company A, a New York Stock Exchange-listed company. Company A's Chief Executive Officer was a prior acquaintance of Mr. Hart's and expressed interest in meeting with Mr. Mutch to discuss strategic business opportunities between Company A and HNC, potentially including a business combination. Mr. Hart mentioned this conversation to Mr. Mutch, who later called the Chief Executive Officer of Company A and engaged in a general discussion of potential strategic business opportunities for Company A and HNC and the possibility of a later meeting.

At a regular meeting of HNC's board held on December 6, 2001, the board briefly discussed Mr. Mutch's meeting with Mr. Grudnowski and Messrs. Hart's and Mutch's calls with the Chief Executive Officer of Company A and agreed that these communications should be considered further at a previously scheduled regular HNC board meeting to be held on February 1 and 2, 2002.

On January 15, 2002, representatives of Stephens, as part of a meeting to discuss a variety of topics with Summit Partners, an investment firm, met with Thomas Farb, an HNC director associated with Summit Partners. Mr. Farb and the Stephens representatives briefly discussed Stephens' introduction of Messrs. Grudnowski and Mutch, the relative strengths of Fair, Isaac and HNC, the industries served by the two companies and Stephens' views on the merits of a potential business combination between the two companies.

At a regularly scheduled HNC board meeting on February 1 and 2, 2002, HNC's board met with members of HNC's senior management team, including Mr. Mutch, Kenneth J. Saunders, HNC's Chief Financial Officer, and Mary Burnside, HNC's Chief Operating Officer. The members of HNC's management reported on management's analysis of HNC's 2001 performance and management's expectations for fiscal 2002, and discussed with the board current business conditions in HNC's markets. At this meeting, HNC's board and management also discussed the status of HNC's current operating strategy and potential alternative future strategic directions for HNC, which included continuing HNC's past business model of operating independently and making selective strategic acquisitions, consummating a large, transformational acquisition of another business, adjusting the company's strategy or pursuing a potential business combination.

Following these discussions, HNC's board determined that, although HNC's independent growth strategy continued to be viable, the current economic environment increased the risks associated with this strategy. Accordingly, the board concluded that HNC should explore the possibility of a strategic business combination with a company possessing complementary strengths and products. The board appointed directors Hart and David Chen to a new Finance Committee of the board to work with Mr. Mutch to investigate the viability of a potential business combination. The board also authorized the Finance Committee to take steps to engage an appropriate investment banking firm to serve as HNC's financial advisor in these efforts, subject to board approval. To avoid potential disruption of HNC's management team that might arise from exploration of a possible business combination, the board also directed the members of its Compensation Committee to propose appropriate employment terms designed to create incentives for certain key executive officers of HNC to continue their employment with HNC during the pendency of business combination discussions and for certain time periods following completion of a business combination.

At this same meeting, HNC's board also continued its prior consideration of adoption of a stockholder rights plan. HNC had previously engaged Goldman, Sachs & Co. to assist the board in evaluating the advisability of a stockholder rights plan and, at its October 19, 2001 meeting, the board had reviewed a proposed stockholder rights agreement with advice from Goldman, Sachs and HNC's legal counsel, Fenwick & West LLP. At its February 1 and 2 meeting, the board directed HNC's management to continue to work with Fenwick & West and Goldman Sachs as necessary to enable the board to be in a position to consider adoption of a stockholder rights plan in the near future. Following this meeting, members of HNC's board of directors held discussions with Fenwick & West LLP about the role of the board of directors in considering a potential business combination, and the process and potential legal considerations that would likely be involved.

On February 5, 2002, Messrs. Mutch and Hart met with representatives of Credit Suisse First Boston to discuss Credit Suisse First Boston's qualifications to act as HNC's financial advisor in connection with its exploration of a potential business combination. At the meeting, Credit

Suisse First Boston's representatives also discussed potential business combination partners, including Fair, Isaac and Company A, and a process for evaluating them. Credit Suisse First Boston was, with the approval of HNC's board, subsequently engaged as HNC's financial advisor in connection with a potential business combination.

At a regularly scheduled Fair, Isaac board meeting held on February 5, 2002, Mr. Grudnowski reported on Fair, Isaac management's interest in exploring the possibility of a business combination

with HNC, noting in particular that the two companies had a large number of common customers and complementary product offerings. The Fair, Isaac board authorized management to investigate a possible transaction with HNC. Subsequently, Fair, Isaac engaged both Stephens Inc. and Salomon Smith Barney Inc. to act as Fair, Isaac's financial advisors in connection with its discussions with HNC.

During the remainder of February 2002, HNC's Finance Committee members held periodic discussions among themselves and with Credit Suisse First Boston to coordinate their discussions with Fair, Isaac, Company A and other parties, and their efforts to identify and contact potentially synergistic business combination partners. In addition, the Compensation Committee of HNC's board began work on establishing the framework of an incentive plan for HNC's key executive officers as previously directed by the board, and in connection with this effort Messrs. Hart and Chen spoke in general terms with HNC's financial advisor regarding compensation and retention arrangements for executives in certain business combination transactions.

On February 20, 2002, Mr. Grudnowski contacted Mr. Mutch and indicated Fair, Isaac's interest in discussing a business combination with HNC. Messrs. Grudnowski and Mutch agreed to meet to review their respective businesses and analyze potential business synergies that might be realized in a combination.

On February 22, 2002, HNC's directors met informally to discuss the status of the efforts of the Finance Committee and the Compensation Committee and the possibility of future contacts and discussions with Fair, Isaac, Company A and other parties.

On February 26, 2002, HNC's board held a special meeting to continue its consideration of the adoption of a stockholder rights plan and received presentations on this subject from representatives of Fenwick & West and Goldman, Sachs. At this meeting, HNC's board adopted a stockholder rights plan and on March 6, 2002 HNC executed a rights agreement to implement its stockholder rights plan and issued a press release announcing HNC's adoption of the rights plan.

On February 27, 2002, HNC's Compensation Committee, consisting of directors Hart, Ed Chandler and Louis Simpson, met to consider HNC's annual compensation review for its executive officers, and to approve compensation changes and new stock option grants to those officers in connection with this review. At that meeting, the Compensation Committee also discussed the retention and incentive arrangements it was developing at the direction of HNC's board.

On March 3, 2002, Mr. Mutch, together with representatives of HNC's financial advisor, met with Mr. Grudnowski of Fair, Isaac and a representative of Stephens to discuss the possibility of a business combination involving the two companies. At the conclusion of the meeting, it was agreed that it would be appropriate for HNC and Fair, Isaac to meet further to discuss their businesses in greater detail. Prior to this meeting, Fair, Isaac and HNC executed a mutual nondisclosure agreement.

Mr. Grudnowski reported on these discussions at a Fair, Isaac board meeting held on March 5, 2002. Representatives of Pillsbury Winthrop and Stephens, Fair, Isaac's respective legal and financial advisors, also attended the meeting. At the meeting, Fair, Isaac's management and representatives of Stephens reviewed HNC's operations, products, financial results, customers and business strategy. Mr. Grudnowski provided an overview of the types of synergies Fair, Isaac's management believed the potential transaction might yield, and outlined the additional information that would be required to evaluate such synergies. The Fair, Isaac board authorized Mr. Grudnowski to continue discussions with HNC, proceed with due diligence and assess the terms under which HNC might merge with Fair, Isaac.

On March 5, 2002, HNC's board of directors met to discuss the status of HNC's efforts to explore business combination opportunities and Mr. Mutch reported on his March 3 meeting with Mr. Grudnowski. At the meeting, the board directed the Finance Committee to request HNC's financial advisor to explore business combination opportunities with selected parties in addition to Fair, Isaac to enable the board to better assess HNC's alternatives. The outside directors (with Mr. Mutch

not in attendance) also separately further discussed the advisability of providing new employment terms for Mr. Mutch and other selected key officers in light of HNC's pending evaluation of a possible business combination.

On March 7, 2002, Messrs. Hart, Chen and Simpson had discussions with representatives of HNC's financial advisor regarding several possible acquisition partners, including not only Fair, Isaac and Company A, but also Company B, a New York Stock Exchange-listed company, and several other companies. Members of the Finance Committee and HNC's financial advisor were instructed to contact these other companies to determine, at a preliminary level, their interest in a potential business combination transaction with HNC. However, other than Company B, none of these other parties indicated interest in pursuing discussions with HNC.

Following its March 3, 2002 meeting with Fair, Isaac, HNC indicated to Fair, Isaac that it was unwilling to proceed with detailed due diligence without a general understanding concerning the terms under which Fair, Isaac would be willing to merge with HNC. The financial advisors to Fair, Isaac and HNC and Messrs. Grudnowski and Mutch then engaged in a series of discussions through March 29, 2002, primarily focused on potential cost synergies associated with the business combination, the valuation of HNC and HNC's representation on the board of the combined company.

On March 15, 2002, the Fair, Isaac board convened a meeting to further consider a possible business combination with HNC. Mr. Grudnowski and a representative of Stephens updated the board concerning the status of discussions with HNC. There was also discussion concerning the potential benefits and risks of a potential business combination with HNC. Stephens presented a preliminary financial analysis of the transaction, including potential cost savings, and management described its plans for its due diligence investigation of HNC. A representative of Pillsbury Winthrop LLP, legal counsel to Fair, Isaac, described future board processes in connection with the board of directors' consideration of the business combination and various legal and regulatory issues that would arise in the course of a transaction with HNC. The Fair, Isaac board authorized Mr. Grudnowski and the other members of Fair, Isaac's management to continue their discussions with HNC regarding the business combination.

On March 15, 2002, Mr. Mutch telephoned an officer of Company B to assess Company B's interest in a prospective business combination with HNC. Company B's representative indicated interest and requested an opportunity to meet with HNC to obtain due diligence information. In addition, between March 15 and March 21, 2002, the Chief Executive Officer of Company A spoke several times with Messrs. Mutch and Hart to express Company A's interest in pursuing acquisition discussions with HNC and to discuss further steps needed to accomplish such a transaction. Following these conversations, HNC executed a mutual nondisclosure agreement with Company A.

An informal telephone meeting of certain HNC board members took place on March 19, 2002, to discuss HNC's first quarter results, the progress of business combination discussions with Fair, Isaac, Company A and Company B and the status of efforts to contact other potential acquisition partners. After Mr. Mutch left the meeting, the participants in this conference also engaged in a discussion regarding the Compensation Committee's efforts to develop new employment terms for certain key officers and a cash retention plan for other selected key HNC employees.

On March 21, 2002, Mr. Grudnowski, Larry Rosenberger, Vice President, Analytics, Research and Development of Fair, Isaac, Mark Pautsch, Vice President and Chief Information Officer of Fair, Isaac and Greg Thompson, Vice President, Strategic Investments of Fair, Isaac, together with a representative of Stephens, met with Mr. Mutch, Mr. Saunders, HNC's Chief Financial Officer, Michael Chiappetta, HNC's Executive Vice President, Analytics, and Joseph Sirosh, HNC's Vice President, Advanced Technology Solutions, to discuss the potential strategic synergies of a business combination of Fair, Isaac and HNC and the business integration of the combined company.

On March 27, 2002, the board of Fair, Isaac convened a meeting to further consider the business combination with HNC. Representatives of Pillsbury Winthrop and Stephens, Fair, Isaac's respective legal and financial advisors, also attended the meeting. Mr. Grudnowski described the March 21 meeting with HNC's management and, on the basis of information provided by HNC at that meeting, Fair, Isaac's management's analysis of potential revenue and cost synergies that could result from a combination with HNC and the challenges of integrating the products and operations of the two companies. Mr. Grudnowski and a representative of Stephens then described the status of discussions concerning the financial and other business terms of a transaction. Management and the directors also discussed the potential risks and benefits of a transaction and the status of Fair, Isaac's due diligence investigation of HNC. The Fair, Isaac board authorized management to continue discussions with HNC.

HNC's board of directors held a regular meeting by telephone conference call on March 28, 2002, which was also attended by representatives of HNC's legal and financial advisors. At that meeting, the board approved the principal terms of proposed employment

arrangements for certain key officers and delegated to HNC's Compensation Committee the duty to negotiate, finalize and approve these agreements. Mr. Hart reported on the Compensation Committee's progress in defining terms of a proposed retention plan for other HNC employees. HNC's board then reviewed HNC's expected financial performance for its first fiscal quarter and discussed with HNC's management and financial advisor business, financial and stock market information relating to HNC and Fair, Isaac. The board also discussed the potential financial terms, and the possible merits and risks of, a proposed combination with Fair, Isaac, as well as business synergies between the two companies. Following this meeting, HNC's board concluded that HNC should continue to explore its discussions with Fair, Isaac, Company A, Company B and potentially other parties, although ultimately no other parties expressed interest.

On March 29, 2002, Fair, Isaac tentatively proposed an exchange ratio, based on then-current market prices and subject to completion of a due diligence review and negotiation of a merger agreement. HNC agreed on the basis of the proposed exchange ratio that it would be appropriate for the parties to initiate detailed due diligence investigations of each other and to proceed with negotiation of the merger agreement.

Beginning on April 3, 2002, representatives of Fair, Isaac and its legal and financial advisors began conducting a detailed due diligence investigation of HNC. In addition, on April 6, 2002, Fair Isaac's counsel, Pillsbury Winthrop, sent to HNC's counsel, Fenwick & West, a first draft of a proposed merger agreement between HNC and Fair, Isaac based on the prior discussions of the parties.

On April 5, 2002, representatives of Company B met with Mr. Mutch, Mr. Saunders and Ms. Burnside of HNC to learn more about HNC's business model in order to enable Company B to assess the level of its interest in pursuing acquisition discussions with HNC. Prior to this meeting, HNC and Company B executed a mutual nondisclosure agreement. Following this meeting, Mr. Mutch contacted Company B to learn its reaction to the April 5 meeting and to determine whether Company B desired to continue talks with HNC. However, following the April 5 meeting, HNC received no further meaningful indications of interest from Company B.

On April 8, Messrs. Hart and Chen of HNC's Finance Committee discussed with HNC's legal and financial advisors the process undertaken to explore business combination opportunities and the current status of discussions with Fair, Isaac, Company A and Company B. Messrs. Hart and Chen also discussed potential terms and conditions of the acquisition agreement proposed by Fair, Isaac.

HNC's outside directors held a special meeting on April 9, 2002. At the meeting, Messrs. Hart and Chen updated the board on the status of recent discussions with Fair, Isaac, Company A and Company B, diligence conducted by HNC on these parties and the prospects for discussions with other viable acquisition partners. The board also discussed anticipated transaction terms and proposed responses, and the board and Fenwick & West reviewed the significant terms and conditions of the merger

agreement proposed by Fair, Isaac. The Finance Committee noted the desirability of getting Company A and any other prospective partners to accelerate their discussions to enable HNC's board to obtain a better comparative view of any acquisition proposals that might result from such talks, and indicated that talks with Company A were planned for the following week. The Committee also advised the board of its belief that Fair, Isaac might withdraw from negotiations if HNC did not satisfy Fair, Isaac's desire to conclude the due diligence process and reach an agreement promptly. Also on April 9, 2002, representatives of HNC and Company A met to conduct mutual due diligence, and Mr. Mutch had a conversation with the Chief Executive Officer of Company A, who indicated that an acquisition proposal from Company A was imminent.

On April 12, 2002, Fenwick & West sent its comments on Fair, Isaac's proposed merger agreement to Fair, Isaac's counsel. On April 16, 2002, Messrs. Hart and Chen met with Mr. Grudnowski to conduct a diligence review on Fair, Isaac's business and prospects and Fair, Isaac's view of how it would operate the combined businesses of Fair, Isaac and HNC following the proposed merger. During this same mid-April period, Fenwick & West conducted legal due diligence on Fair, Isaac for several days and Fenwick & West and Pillsbury Winthrop discussed open issues in the proposed merger agreement. On April 17, Fair, Isaac's outside legal counsel, Pillsbury Winthrop, provided to HNC's legal counsel, Fenwick & West, a revised draft of the merger agreement, which reflected unresolved issues including the closing conditions, the scope of the restrictive covenants applicable to HNC pending the closing, the circumstances under which each party would be permitted to terminate the merger agreement, when Fair, Isaac would receive a termination fee and the amount of the termination fee.

Also on April 12, 2002, the Chief Executive Officer of Company A telephoned Mr. Hart of HNC to inform him that Company A would soon propose to HNC an acquisition of HNC for cash at a specified price that exceeded the then-current value of the potential exchange ratio then under discussion with Fair, Isaac. However, Company A's Chief Executive Officer also explained that Company A's board of directors had not and would not have reviewed or approved the terms that would be proposed to HNC. HNC's board concurred that Company A's proposal should be further pursued and that it was in the best interests of HNC's stockholders that HNC receive more than one offer in order to enable the HNC board to better evaluate and compare the terms and value of competing offers. Accordingly, HNC's directors decided to delay completion of HNC's negotiations with Fair, Isaac in order to give Company A sufficient time to evaluate HNC and make a competing acquisition proposal for HNC's consideration. On April 13, Company A delivered to HNC a high-level summary of proposed terms on which Company A would

consider acquiring all outstanding HNC common stock for cash. This summary proposal was subject to contingencies including the approval of the proposed transaction by Company A's board of directors. On April 14, HNC's outside legal counsel forwarded a draft merger agreement to Company A's counsel, based on Company A's April 13 term sheet. Between April 15 and April 19, representatives of Company A and its advisors conducted a due diligence investigation of HNC in San Diego, and on April 17, Company A's counsel provided HNC's outside counsel with its comments on the draft merger agreement Fenwick & West had earlier circulated.

On April 17, 2002, HNC's board of directors held a special meeting. Representatives of HNC's legal counsel attended the meeting and discussed with the board the unresolved issues in the merger agreement proposed by Fair, Isaac and the status of negotiations with Company A's counsel. Messrs. Hart and Chen briefed the board on their April 16 diligence meeting with Mr. Grudnowski of Fair, Isaac. Mr. Mutch also reported on the results of HNC's first quarter, its financial expectations and business prospects to assist the board in evaluating whether it would be preferable for HNC to pursue or forego acquisition negotiations. The board discussed at length and evaluated the acquisition proposal HNC had received from Fair, Isaac and the indication of interest and potential terms received from Company A. The board determined that it was in HNC's best interests to continue negotiations with both Company A and Fair, Isaac in order to more fully explore HNC's alternatives and determine

whether Company A's board of directors would approve an offer superior to that under discussion with Fair, Isaac.

On April 19, 2002, the Fair, Isaac board convened a meeting to consider further the proposed business combination with HNC. Representatives of Fair, Isaac's legal and financial advisors also attended the meeting. A representative of Pillsbury Winthrop reviewed the fiduciary duties of the Fair, Isaac directors in connection with their consideration of a business combination with HNC. Fair, Isaac's management then reviewed HNC's business and operations, HNC's financial results and summary pro forma financial information giving effect to the proposed merger. Management also presented its estimates of potential cost synergies, the manner in which the cost synergies might be achieved and the status of integration planning. Management also reported as to the status of its business and legal due diligence investigation of HNC. Representatives of Stephens and Salomon Smith Barney then reviewed the strategic rationale for the merger, financial and stock market information concerning HNC and the valuation methodologies being used to analyze the financial aspects of the business combination with HNC. A representative of Pillsbury Winthrop then reviewed in detail the principal terms of the merger agreement under discussion with HNC, noting those points that remained under negotiation and the positions taken by both companies. Fair, Isaac's board authorized its management to continue negotiations of a merger agreement with HNC.

A special meeting of HNC's board of directors was held on April 19, 2002. Representatives of HNC's legal and financial advisors attended this meeting and reported to the board on the current status of negotiations with Fair, Isaac and Company A and material terms still under negotiation. The board discussed the proposals of Fair, Isaac and Company A at length, as well as HNC's negotiation objectives. During the meeting, Mr. Mutch presented an internal assessment of ideas for increasing the standalone valuation of HNC. The assessment was premised on changes in anticipated revenues and expenses, and assumed various significant challenges would be successfully met. Mr. Mutch expressed optimism that should discussions not culminate in a transaction, HNC could continue to prosper on a standalone basis. Following this meeting, the HNC board authorized continued negotiations with both Fair, Isaac and Company A. Later on April 19, Fenwick & West sent to Company A's counsel a revised draft of the proposed merger agreement.

On April 20, 2002, the Chief Executive Officer of Company A called Mr. Hart to reiterate Company A's interest in pursuing a transaction on a timely basis, but explained that Company A's board of directors had not yet been briefed on the specifics of Company A's proposal and would be unable to meet to consider and approve the transaction until April 23. On April 21, 2002, Messrs. Hart and Chen, HNC director Ed Chandler, and HNC's legal and financial advisors participated in a telephone conference call to discuss the status of negotiations with Fair, Isaac and Company A. After further discussion between the Finance Committee and other HNC directors, it was determined that it was in HNC's best interests to defer the transaction with Fair, Isaac pending receipt of a formal offer from Company A that had been approved by Company A's board of directors. Mesrs. Hart and Mutch then had separate calls with Mr. Grudnowski in which they explained that HNC was not certain that it wanted to proceed to finalize a definitive agreement with Fair, Isaac at that time. Upon being advised of this fact, Mr. Grudnowski informed Mr. Hart that, due to HNC's unwillingness to promptly pursue completion of a transaction, Fair, Isaac was withdrawing from negotiations with HNC.

On April 21 and 22, 2002, Mr. Chen engaged in several telephone calls with representatives of Salomon Smith Barney, who also represented Fair, Isaac in its negotiations with HNC, in order to determine whether Fair, Isaac would be willing to continue its negotiations. Also on April 22, Mr. Grudnowski reported to the Fair, Isaac board the termination of discussions with HNC. During this period, merger negotiations between HNC and Company A and their respective legal counsel continued.

On the morning of April 23, 2002, the Chief Executive Officer of Company A called Mr. Hart to advise him that Company A's board of directors had not authorized Company A to pursue its proposed acquisition of HNC, so that Company A's discussions with HNC would be terminated. Later in the day, HNC's board of directors held a special meeting to discuss the situation and authorized HNC's financial advisor to contact Fair, Isaac to encourage it to renew its acquisition discussions, and to indicate HNC's views with respect to the unresolved issues under the merger agreement.

On April 23 and 24, 2002, members of HNC's Finance Committee spoke with Mr. Grudnowski to express HNC's interest in continuing its negotiations with Fair, Isaac. Beginning on April 25, 2002, discussions between HNC, Fair, Isaac and their respective advisors resumed. Negotiation of the merger agreement by Fair, Isaac and HNC and their respective counsel continued through April 28, 2002, and during that same period each party concluded its diligence review of the other.

Late in the afternoon of April 28, 2002, HNC's board of directors met in a special meeting to review and approve the terms of the proposed merger agreement with Fair, Isaac. HNC's legal and financial advisors attended the meeting. HNC's outside legal counsel reviewed the principal terms of the merger agreement with the board, highlighting recently negotiated changes, and discussed with the board its fiduciary duties in connection with adoption of the merger agreement. Also at the meeting, Credit Suisse First Boston reviewed with the board its financial analysis of the proposed exchange ratio and rendered to the board an oral opinion, which was confirmed by delivery of a written opinion dated April 28, 2002, as to the fairness, from a financial point of view, of the exchange ratio. Following this discussion, HNC's board considered the merger agreement, determined that the merger and the merger agreement were advisable and fair to, and in the best interests of, HNC and its stockholders, and unanimously approved the terms of the merger agreement and resolved to recommend that its stockholders approve the merger. The board then authorized Mr. Mutch to execute the merger agreement on behalf of HNC.

The Fair, Isaac board also held a special meeting on April 28, 2002, to review and vote on the proposed merger with HNC. All board members other than David Hopkins were present. Representatives of Pillsbury Winthrop, Fair, Isaac's outside legal counsel, and its financial advisors, Stephens and Salomon Smith Barney, also attended the meeting. Mr. Grudnowski updated the board on the negotiations between the companies following HNC's reengagement with Fair, Isaac during the previous week. Outside counsel reviewed again the board's fiduciary obligations in the context of the proposed merger and described the terms of the proposed merger and merger agreement, focusing on the changes from the draft reviewed by the Board at its April 19 meeting. Representatives of Stephens and Salomon Smith Barney updated the board with respect to their financial analyses of the proposed merger and reviewed HNC's announced financial results for its quarter ended March 31, 2002. Following this report, these representatives rendered separate oral opinions, on behalf of Stephens and Salomon Smith Barney, subsequently confirmed in writing, that, as of April 28, 2002, the exchange ratio was fair, from a financial point of view, to Fair, Isaac. Following further discussion, the board members present unanimously determined that the proposed merger was fair to and in the best interests of Fair, Isaac and its stockholders and approved the merger agreement and the transactions described in the merger agreement. The board resolved to recommend that its stockholders approve the issuance of Fair, Isaac common stock pursuant to the merger agreement. The Fair, Isaac board then authorized management to execute the merger agreement on behalf of Fair, Isaac.

Following the meetings of their respective boards of directors, Fair, Isaac and HNC executed the merger agreement as of April 28, 2002.

Early on the morning of April 29, 2002, Fair, Isaac and HNC issued a joint press release announcing the signing of the merger agreement and held a conference call to discuss the merger with interested investors and analysts.

Our Reasons for the Merger

By combining Fair, Isaac and HNC, we will strengthen our position as a leading provider of business analytic solutions for a broad range of industries. The combination of Fair, Isaac's and HNC's respective expertise should enable the combined company to develop and offer a broader range of more powerful analytic products and services than either Fair, Isaac or HNC could on its own. The merger of our businesses under the Fair, Isaac name will bolster the brand's global leadership in business analytics and, we believe, position the combined company to deliver greater value to its customers and stockholders. In addition, the combined company will have greater financial, technological and human resources. We believe that by combining our businesses we can increase profits and stockholder returns.

Businesses have made significant investments in tools for customer relationship management, or CRM, and are overwhelmed by data. To unlock value from this data, businesses need to apply sophisticated analytics that enable them to automate and optimize their decisions on customer acquisition, retention and growth. Business analytics is an emerging market at the intersection of consulting, data management, and software. We believe that the proposed merger will give the combined company the scale needed to meet the needs of this growing market and

to take the lead in shaping and defining this business.

Fair, Isaac and HNC share a history of providing innovative customer strategy and decision management applications and tools, and the merger is designed to fully leverage the strengths of each organization. Fair, Isaac sets the standard for its analytic solutions, and HNC is a recognized leader in high-end analytic and decision management software. Fair, Isaac and HNC plan to combine their predictive technologies and transactional expertise to deliver a broader portfolio of analytic solutions with increased functionality. Both companies individually help their customers build customer loyalty, acquire new customers, reduce losses and optimize the value of customer relationships. However, the combined company will offer a more complete set of solutions to core markets including financial services, insurance, retail, telecommunications, government and healthcare. The merged company will be positioned to respond to growing demand for analytic solutions that help businesses market more efficiently, increase customer value, reduce losses and operating expenses, and enter new markets more profitably.

We believe that Fair, Isaac and HNC have very similar customer bases. For example, both Fair, Isaac and HNC have significant customers in the financial services industry, including many of the largest credit card issuers worldwide and companies underwriting a large portion of U.S. mortgages. The two companies' clients include many of the largest U.S. insurance carriers and a number of the largest U.S. telecommunication carriers, retailers and service providers. We believe that the combined company will benefit from substantial cross-selling opportunities and a broader and more diverse customer base.

Additionally, the complementary nature of our businesses offers broad opportunities worldwide for the combined company. The combined company will have customers throughout the world, including an expanding presence in Latin America and Asia and a particularly strong presence in the United Kingdom. We anticipate continued growth and expansion into these and other international markets with significant opportunities to cross-sell the products of the combined company.

We believe that the combined company can operate more efficiently than can either individual company. Specifically, we expect that the merger will reduce our combined pre-tax costs by at least $35 million within twelve months of the merger's completion, and provide an opportunity for ongoing improvement in cost savings. These savings will be realized by refocusing our research and development efforts, leveraging our sales force, consolidating our general and administrative functions, and aligning complementary product lines.

We believe that the combined company will also benefit from significantly greater scale and improved organizational capability. The merger will allow us to bring together what we believe to be the best minds in analytics. By combining Fair, Isaac's and HNC's research and development teams, the combined company will be able to accelerate technical innovation over that which either company could achieve separately. In addition, the combined company's sales and marketing team will enable us to deepen our relationships with existing customers. The merged company will also benefit from strong leadership with a record of success in executing key strategies.

In short, we expect that by combining our businesses we can increase our opportunities and our profitability. We believe that the merger has the potential to produce benefits to the combined company that would not be obtainable to either company on an independent basis. We expect the combined company to become a leader in the emerging market of business analytics.

Recommendation of, and Factors Considered by, the Fair, Isaac Board

The Fair, Isaac board met on April 28, 2002 to consider and vote upon the merger and related transactions. At this meeting, after due consideration, the Fair, Isaac board, by the unanimous vote of all directors present at the meeting:

- determined that the merger and other transactions contemplated by the merger agreement, including the issuance of Fair, Isaac common stock in connection with the merger, are fair to, and in the best interests of, Fair, Isaac and its stockholders;
- approved the merger agreement and the transactions contemplated by the merger agreement; and
- determined to recommend that the Fair, Isaac stockholders approve the issuance of Fair, Isaac common stock in connection with the merger.

Accordingly, the Fair, Isaac board recommends that Fair, Isaac stockholders vote for approval of the proposed issuance of Fair, Isaac common stock in connection with the merger.

In reaching these decisions and recommendations, the Fair, Isaac board considered and discussed the information provided to it at and prior to the April 28 meeting, including presentations by Fair, Isaac's management, as well as by Fair, Isaac's legal and financial advisors. Among the material information and factors considered by the Fair, Isaac board were the following:

- all of the reasons described under "Our Reasons for the Merger" beginning on page 40;
- the exchange ratio being used in the merger and the resulting ownership interest in the combined company by Fair, Isaac's current stockholders;
- the analyses and presentations of Stephens and Salomon Smith Barney on the financial aspects of the merger, and their opinions, delivered April 28, 2002, that, as of that date, the exchange ratio in the merger was fair, from a financial point of view, to Fair, Isaac;
- the corporate governance arrangements for the combined company, including the overall composition of the board of directors;
- Fair, Isaac's knowledge of HNC's businesses;
- information concerning Fair, Isaac's and HNC's respective businesses, financial performance and condition, operations, management, competitive position, and stock performance;
- the potential for the combined company to leverage Fair, Isaac's and HNC's complementary products, channels, partners, technology, logistics and critical skills and expertise in transactional and predictive and decisioning technology to offer an expanded product portfolio to a combined customer base;

- the opportunities to utilize the two companies' established and complementary customer relationships to cross-sell existing HNC products, existing Fair, Isaac products and new products as they are developed;
- current industry, economic and market conditions;
- our expectation that the merger will qualify as a "tax-free reorganization" for U.S. federal income tax purposes;
- that the representations and warranties contained in the merger agreement are generally reciprocal and qualified by what would not result in a material adverse effect on either Fair, Isaac or HNC;
- new temporary tax regulations relating to, and the expectation that the merger would not adversely affect, the federal income tax treatment of the spin-off of a former HNC subsidiary in 2000; and
- the conditions under the merger agreement to Fair, Isaac's obligation to close the merger, including the receipt of tax opinions relating to the tax-free nature of the merger and the tax-free nature of the spin-off of a former HNC subsidiary in 2000.

The Fair, Isaac board also considered the potential adverse consequences of other factors on the proposed merger, including:

- the risk that the conditions to closing of the merger might not be satisfied and that the merger might not be completed;
- risks associated with unexpected difficulties in integrating the products, operations, strategies and management of the two companies, and the fact that Fair, Isaac had not previously faced an integration challenge as substantial as the one presented by the merger;
- the risk that the combined company will not achieve the cost synergies expected to result from the merger;
- disappointments in the quality of the acquired assets or businesses, or material liabilities undetected in the due diligence process;
- the risk that HNC and the combined company will not be able to retain key employees;
- the risk of diverting management focus and corporate resources from other strategic opportunities and operational matters for an extended period of time;
- the restrictions contained in the merger agreement on the operations of Fair, Isaac between the signing of the merger agreement and the closing of the merger;
- the significant goodwill and other intangibles that will be added to the balance sheet of the combined company as a result of purchase accounting for the merger and the circumstances under which such goodwill might have to be amortized or deemed impaired and charged to earnings; and
- the other risks described in this joint proxy statement/prospectus under "Risk Factors" beginning on page 17.

This discussion of the information and factors considered by the Fair, Isaac board is not intended to be exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Fair, Isaac board did not quantify or otherwise assign relative weights to the specific factors it considered. Individual members of the Fair, Isaac board may have given different weights to different information and different factors. The Fair, Isaac board

considered this information and these factors as a whole, and overall considered the relevant information and factors to be favorable to, and in support of, its determinations and recommendations.

Opinions of Fair, Isaac's Financial Advisors

Stephens Inc. Opinion

Stephens Inc. was retained to act as financial advisor to Fair, Isaac in connection with the merger. Pursuant to Stephens' engagement letter with Fair, Isaac, dated March 15, 2002, Stephens rendered an oral opinion to the board of directors of Fair, Isaac on April 28, 2002, subsequently confirmed in writing, that, based upon and subject to the assumptions, limitations and qualifications set forth in the opinion, its work described below and other factors it deemed relevant, as of that date, the exchange ratio was fair, from a financial point of view, to Fair, Isaac.

The full text of Stephens' written opinion, dated April 28, 2002, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex B to this document. The summary of Stephens' opinion set forth

below is qualified in its entirety by reference to the full text of the opinion. **Stockholders are urged to read Stephens' opinion carefully and in its entirety.**

In arriving at its opinion, Stephens reviewed the Agreement and Plan of Merger; discussed with the management of Fair, Isaac and HNC the operations of and future business prospects for Fair, Isaac and HNC and the anticipated financial consequences of the transaction; analyzed certain publicly available financial statements and reports regarding Fair, Isaac and HNC; analyzed certain internal financial statements and other financial and operating data (including financial projections) concerning Fair, Isaac and HNC as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the transaction (referred to herein as the "expected synergies") which were prepared by the management of Fair, Isaac and HNC; reviewed the reported prices and trading activity of Fair, Isaac common stock and HNC common stock; reviewed the financial terms, to the extent publicly available, of certain comparable transactions; compared the financial performance of Fair, Isaac and HNC and the prices and trading activity of the Fair, Isaac and HNC common stock with that of certain other comparable publicly-traded companies and their securities; analyzed, on a pro forma basis, the effect of the transaction; and performed such other analyses and provided such other services as Stephens has deemed appropriate.

In rendering its opinion, Stephens relied on the accuracy and completeness of the information and financial data provided to Stephens by Fair, Isaac and HNC, and Stephens' opinion is based upon such information. Stephens inquired into the reliability of such information and financial data only to the limited extent necessary to provide a reasonable basis for its opinion, recognizing that Stephens rendered only an informed opinion and not an appraisal or certification of value. With respect to the financial projections prepared by management of Fair, Isaac and HNC, including expected synergies, Stephens assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Fair, Isaac and HNC as to the future financial performance of Fair, Isaac and HNC. Stephens did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Fair, Isaac or HNC, nor did Stephens make any physical inspection of the properties or assets of Fair, Isaac or HNC. Stephens assumed, with the consent of the board of directors of Fair, Isaac, that the merger will qualify as a tax-free "reorganization" pursuant to Section 368 of the Internal Revenue Code of 1986, as amended. Stephens also assumed that there is no material undisclosed tax liability of Fair, Isaac and HNC, and that none will arise as a result of the transaction.

Stephens noted that its opinion related to the relative values of Fair, Isaac and HNC. Stephens did not express any opinion as to what the value of the Fair, Isaac common stock actually will be when issued in the merger, or the price at which the Fair, Isaac common stock will trade or otherwise be

transferable subsequent to the merger. Stephens was not requested to consider, and its opinion did not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Fair, Isaac or the effect of any other transaction in which Fair, Isaac might engage. Stephens was not requested to consider, and its opinion does not address, the non-financial terms of the agreement. Stephens' opinion necessarily was based on information available to it and financial, stock market and other conditions and circumstances existing and disclosed to Stephens as of the date of its opinion.

Stephens' advisory services and opinion were provided for the information of the board of directors of Fair, Isaac in its evaluation of the merger, and did not constitute a recommendation of the merger to Fair, Isaac or its stockholders, nor does it constitute a recommendation to any stockholder as to how such stockholder should vote on any matters relating to the merger.

Pursuant to Stephens' engagement letter, Fair, Isaac agreed to pay Stephens for its services rendered in connection with the merger a fee of $2.7 million upon the closing of the transaction. Fair, Isaac also agreed to reimburse Stephens for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and disbursements of its counsel, and to indemnify Stephens against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Salomon Smith Barney Opinion

Salomon Smith Barney was retained to act as financial advisor to Fair, Isaac in connection with the merger. Pursuant to Salomon Smith Barney's engagement letter with Fair, Isaac, dated April 1, 2002, Salomon Smith Barney rendered an oral opinion to the board of directors of Fair, Isaac on April 28, 2002, subsequently confirmed in writing, that, based upon and subject to the assumptions, limitations and qualifications set forth in the opinion, its work described below and other factors it deemed relevant, as of that date, the exchange ratio was fair, from a financial point of view, to Fair, Isaac.

The full text of Salomon Smith Barney's written opinion, dated April 28, 2002, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Annex C to this document. The summary of Salomon Smith

Barney's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Stockholders are urged to read Salomon Smith Barney's opinion carefully and in its entirety.**

In arriving at its opinion, Salomon Smith Barney reviewed a draft of the agreement, dated April 25, 2002, and held discussions with senior officers, directors and other representatives and advisors of each of Fair, Isaac and HNC concerning the businesses, operations and prospects of Fair, Isaac and HNC. Salomon Smith Barney examined certain publicly available business and financial information relating to Fair, Isaac and HNC, as well as certain financial forecasts and other information and data relating to Fair, Isaac and HNC which were provided to or otherwise discussed with Salomon Smith Barney by the management of Fair, Isaac and HNC, including certain strategic implications and operational benefits anticipated to result from the merger. Salomon Smith Barney reviewed the financial terms of the merger as set forth in the draft agreement in relation to, among other things:

- current and historical market prices and trading volumes of Fair, Isaac common stock and HNC common stock;
- the historical and projected earnings and other operating data of Fair, Isaac and HNC; and
- the historical and projected capitalization and financial condition of Fair, Isaac and HNC.

Salomon Smith Barney considered, to the extent publicly available, the financial terms of other similar transactions recently effected which Salomon Smith Barney considered relevant in evaluating the merger and analyzed financial, stock market and other publicly available information relating to the

businesses of other companies whose operations Salomon Smith Barney considered relevant in evaluating those of Fair, Isaac and HNC. Salomon Smith Barney also evaluated the pro forma financial impact of the merger on Fair, Isaac. In addition to the foregoing, Salomon Smith Barney conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as it deemed appropriate in arriving at its opinion.

In rendering its opinion, Salomon Smith Barney assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data furnished to or otherwise reviewed by or discussed with Salomon Smith Barney and further relied upon the assurances of the management of Fair, Isaac that they were not aware of any facts that would make any of such information inaccurate or misleading. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Salomon Smith Barney, Salomon Smith Barney was advised by the management of Fair, Isaac that such forecasts and other information and data had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Fair, Isaac as to the future financial performance of Fair, Isaac and the strategic implications and operational benefits anticipated to result from the merger. Salomon Smith Barney expressed no view with respect to such forecasts and other information and data or the assumptions on which they were based. Salomon Smith Barney did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Fair, Isaac or HNC nor did Salomon Smith Barney make any physical inspection of the properties or assets of Fair, Isaac or HNC. Representatives of Fair, Isaac advised Salomon Smith Barney, and Salomon Smith Barney assumed that the final terms of the agreement would not vary materially from those set forth in the draft reviewed by Salomon Smith Barney. Salomon Smith Barney assumed, with the consent of the board of directors of Fair, Isaac, that the merger will qualify as a tax-free "reorganization" pursuant to Section 368 of the Internal Revenue Code of 1986, as amended. Salomon Smith Barney relied upon HNC's representation that HNC is free from any extraordinary tax liabilities related to internal reorganizations. Salomon Smith Barney further assumed that the merger will be consummated in accordance with the terms of the agreement without waiver of any of the conditions precedent to the merger contained in the agreement.

Salomon Smith Barney noted that its opinion related to the relative values of Fair, Isaac and HNC. Salomon Smith Barney did not express any opinion as to what the value of the Fair, Isaac common stock actually will be when issued in the merger, or the price at which the Fair, Isaac common stock will trade or otherwise be transferable subsequent to the merger. Salomon Smith Barney was not requested to consider, and its opinion did not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Fair, Isaac or the effect of any other transaction in which Fair, Isaac might engage. Salomon Smith Barney was not requested to consider, and its opinion does not address, the non-financial terms of the merger agreement. Salomon Smith Barney's opinion necessarily was based on information available to it and financial, stock market and other conditions and circumstances existing and disclosed to Salomon Smith Barney as of the date of its opinion.

Salomon Smith Barney's advisory services and opinion were provided for the information of the board of directors of Fair, Isaac in its evaluation of the merger, and did not constitute a recommendation of the merger to Fair, Isaac or its stockholders, nor does it constitute a recommendation to any stockholder as to how such stockholder should vote on any matters relating to the merger.

Pursuant to Salomon Smith Barney's engagement letter, Fair, Isaac agreed to pay Salomon Smith Barney for its services rendered in connection with the merger a fee of $2.5 million upon the closing of the transaction. Fair, Isaac also agreed to reimburse Salomon Smith Barney for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and disbursements of its counsel, and to indemnify Salomon Smith Barney against specific

liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Joint Presentation of Stephens Inc. and Salomon Smith Barney to the Fair, Isaac Board

In connection with rendering their respective opinions, Stephens and Salomon Smith Barney made a joint presentation to the board of directors of Fair, Isaac on April 28, 2002, with respect to the material analyses performed by Stephens and Salomon Smith Barney in evaluating the fairness of the exchange ratio. The following is a summary of that presentation. The summary includes information presented in tabular format. **In order to understand fully the financial analyses used by Stephens and Salomon Smith Barney, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to April 25, 2002, and is not necessarily indicative of current or future market conditions. The financial analyses of Stephens and Salomon Smith Barney were based on the exchange ratio provided for in the merger of .346x, before giving effect to Fair, Isaac's 3-for-2 stock split on June 5, 2002.**

Discounted Cash Flow Analysis

Stephens and Salomon Smith Barney performed a discounted cash flow analysis of HNC based upon estimates of the projected financial performance prepared by the management of HNC and Fair, Isaac and First Call median research analyst estimates. Utilizing these projections, Stephens and Salomon Smith Barney calculated a range of implied per share equity values of HNC based upon the discounted net present value of the sum of the projected stream of unlevered free cash flows from June 30, 2002 through the fiscal year ending December 31, 2006, and the projected terminal value of HNC as of December 31, 2006, based upon a range of multiples of estimated earnings before interest expense, taxes, depreciation and amortization (EBITDA) less the estimated debt plus the estimated cash, cash equivalents and marketable securities as of June 30, 2002, and divided by the number of HNC fully diluted shares outstanding. In deriving the discounted cash flow valuation, Stephens and Salomon Smith Barney assumed a range of EBITDA multiples of 11.0x to 17.0x and an annual discount rate of 15.2%.

The following table sets forth the results of this analysis:

EBITDA Multiple	Implied Price Per Share	
11.0x	$	17.85
17.0x	$	23.96

Stephens and Salomon Smith Barney also derived the present value of the expected synergies of $5.51 per HNC common share utilizing a discount rate of 15.2% and a long-term growth rate of 3%, the "synergy valuation." Utilizing the high and low implied value per share of HNC derived pursuant to the discounted cash flow analysis plus the synergy valuation, Stephens and Salomon Smith Barney derived a range of implied exchange ratios for HNC common stock to Fair, Isaac common stock of .270x to .447x versus the actual exchange ratio in the merger of .346x.

Comparable Transactions Analysis

Stephens and Salomon Smith Barney reviewed the financial terms, to the extent publicly available, for the following seven transactions involving public companies in the enterprise software; customer relationship management; data warehousing, integration and database tools; and business intelligence software sectors:

Closing Date	Acquirer	Target
August 28, 2001	Peregrine Systems, Inc.	Remedy Corporation
May 7, 2001	The Sage Group plc	Interact Commerce Corporation
April 5, 2001	Microsoft Corporation	Great Plains Software, Inc.
April 2, 2001	NetIQ Corporation	WebTrends Corporation
December 28, 2000	Computer Sciences Corporation	Mynd Corporation
March 2, 2000	Ascential Software Corporation	Ardent Software, Inc.
July 1, 1999	Computer Associates International, Inc.	PLATINUM Technology International, Inc.

For each precedent transaction, Stephens and Salomon Smith Barney derived the ratio of value of the fully-diluted common equity of the target company plus the amount of outstanding debt less the amount of cash, cash equivalents and marketable securities as of the closing date of the target company, the "total transaction value," to (i) revenue of the target company for the twelve-month period preceding the announcement of the transaction and (ii) EBITDA of the target company for the twelve-month period preceding the announcement of the transaction.

With respect to the financial information for the target companies involved in the precedent transactions, Stephens and Salomon Smith Barney relied upon publicly available information.

The following table sets forth the results of this analysis:

Ratio of Total Transaction Value of Target Company to:	Range	Mean	Median	Mean (excluding max and min)
(i) Revenue for the twelve-month period preceding announcement	1.2x - 15.5x	5.0x	3.4x	3.6x
(ii) EBITDA for the twelve-month period preceding announcement	8.1x - 80.1x	29.6x	20.7x	22.4x

Based on this data, Stephens and Salomon Smith Barney derived a range of implied exchange ratios for HNC common stock to Fair, Isaac common stock of .282x to .349x versus the actual exchange ratio in the merger of .346x.

Comparable Company Analysis

Stephens and Salomon Smith Barney compared certain publicly available financial and operating data and projected financial performance (based on recent Wall Street analysts' research reports) of selected publicly traded companies that operate in the enterprise analytics and business intelligence platforms sector, the analytic applications sector and the data services sector with the corresponding financial and operating data and projected financial performance of HNC. The selected comparable companies considered by Stephens and Salomon Smith Barney were:

Business Objects S.A.;

Cognos Incorporated;

Ascential Software Corporation;

Informatica Corporation;

Hyperion Solutions Corporation;

E.piphany, Inc.;

Actuate Corporation;

Fair, Isaac and Company, Incorporated;

Equifax Inc.;

ChoicePoint Inc.; and

Acxiom Corporation.

Equity value of the selected comparable companies was calculated based on the closing price per share of each company's common stock on April 25, 2002. In deriving ratios for the selected comparable companies, Stephens and Salomon Smith Barney made certain adjustments so that results would correspond to the fiscal years ending December 31, 2001 and December 31, 2002.

For the selected comparable companies, Stephens and Salomon Smith Barney derived the ratio of each entity's market value of fully-diluted common equity plus outstanding debt less cash, cash equivalents and marketable securities, or "enterprise value," as of April 25, 2002, to HNC's estimated EBITDA for 2002.

The following table sets forth the results of this analysis.

	Comparable Companies at April 25, 2002 Closing Price			
	Range	**Mean**	**Median**	**Mean (excluding min and max)**
Ratio of Enterprise Value to:				
Estimated EBITDA for 2002	7.5x - 21.2x	14.3x	14.0x	14.3x

Based on this data and the synergy valuation, Stephens and Salomon Smith Barney derived a range of implied exchange ratios for HNC common stock to Fair, Isaac common stock of .263x to ..392x versus the actual exchange ratio in the merger of .346x.

Relative Contribution Analysis

Stephens and Salomon Smith Barney analyzed the relative contribution of each of Fair, Isaac and HNC to the pro forma merged entity with respect to certain financial data, including (i) estimated revenue, estimated EBITDA and estimated earnings before interest expense, taxes and amortization (EBITA) for the fiscal year ending September 30, 2003 and (ii) estimated revenue, estimated EBITDA and estimated EBITA for the fiscal year ending September 30, 2004.

Estimated financial data for Fair, Isaac and HNC were based on financial projections prepared by the managements of Fair, Isaac and HNC and First Call median research analyst estimates.

The following table sets forth the results of the relative contribution analysis.

	Fair, Isaac	**HNC**
Fiscal Year Ending September 30, 2003		
(i) Revenue	59.7%	40.3%
(ii) EBITDA	72.4%	27.6%
(iii) EBITA	74.9%	25.1%
Fiscal Year Ending September 30, 2004		
(i) Revenue	60.3%	39.7%
(ii) EBITDA	72.0%	28.0%
(iii) EBITA	74.9%	25.1%

Using this data, Stephens and Salomon Smith Barney derived a range of implied exchange ratios for HNC common stock to Fair, Isaac common stock of .276x to .484x versus the actual exchange ratio in the merger of .346x.

Relative Market Price Analysis

Stephens and Salomon Smith Barney reviewed the historical ratios of the closing market prices of HNC common stock to Fair, Isaac common stock for each trading day over the period from April 24, 2001 through April 25, 2002. Stephens and Salomon Smith Barney noted that the current ratio of the closing market prices of HNC common stock to Fair, Isaac common stock was 0.270x as of April 25, 2002. Stephens and Salomon Smith Barney then calculated the high, low and average ratio over the ninety-day period prior to April 25, 2002.

The following table sets forth the result of the historical relative market price analysis.

Historical Relative Market Price Ratios	
90 Day High	.414x
90 Day Low	.222x
90 Day Average	.289x

Stephens and Salomon Smith Barney noted that the historical relative market price ratios for the ninety-day period preceding April 25, 2002 was .222x to .414x excluding the synergy valuation and had an upper boundary of .497x including the synergy valuation versus the actual exchange ratio in the merger of .346x.

Merger Consequences Analysis

Stephens and Salomon Smith Barney examined the pro forma impact of the merger on Fair, Isaac's earnings per share estimates based upon First Call median research analyst estimates and the HNC earnings per share estimates based upon First Call median research analyst estimates and estimates of expected synergies prepared by the managements of Fair, Isaac and HNC. This analysis indicated that, compared to the First Call median analyst earnings per share estimates for Fair, Isaac, the merger would be accretive to Fair, Isaac's reported earnings per share beginning in fiscal year 2003.

The preceding discussion is a summary of the material financial analyses furnished by Stephens and Salomon Smith Barney to the board of directors of Fair, Isaac, but it does not purport to be a complete description of the analyses performed by Stephens and Salomon Smith Barney or of their joint presentations to the board of directors of Fair, Isaac. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Stephens and Salomon Smith Barney made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give their respective fairness opinions as described above. Accordingly, Stephens and Salomon Smith Barney believe that their analyses, and the summary set forth above, must be considered as a whole and that selecting portions of the analyses and of the factors considered by Stephens and Salomon Smith Barney without considering all of the analyses and factors could create a misleading or incomplete view of the processes underlying the analyses conducted by Stephens and Salomon Smith Barney and their respective opinions. With regard to the comparable companies and precedent transactions analyses summarized above, Stephens and Salomon Smith Barney selected comparable public companies and transactions on the basis of various factors, including the size and similarity of the relevant companies as compared to Fair, Isaac and HNC; however, no company or transaction utilized as a comparison in these analyses is identical to Fair, Isaac or HNC or the merger, respectively. As a result, these analyses are not purely mathematical, but also take into account

differences in financial and operating characteristics of the subject companies and other factors that could affect the transaction or public trading value of the subject companies to which Fair, Isaac and HNC are being compared or the transaction to which the merger is being compared.

In their analyses, Stephens and Salomon Smith Barney made numerous assumptions and considered a number of factors with respect to Fair, Isaac, HNC, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of either Fair, Isaac or HNC. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of

values of companies do not purport to be appraisals or necessarily reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Fair, Isaac, HNC, the board of directors of Fair, Isaac, Stephens, Salomon Smith Barney or any other person assumes responsibility if future results or actual values differ materially from the estimates.

The analyses of Stephens and Salomon Smith Barney were prepared solely as part of their respective analyses of the fairness of the exchange ratio in the merger and were provided to the board of directors of Fair, Isaac in that connection. The exchange ratio was determined through negotiations between Fair, Isaac and HNC. Stephens and Salomon Smith Barney provided advice to Fair, Isaac during the course of those negotiations, but neither Stephens nor Salomon Smith Barney determined the exchange ratio or recommended any specific exchange ratio to Fair, Isaac. The opinions of Stephens and Salomon Smith Barney were only two of the various factors taken into consideration by the board of directors of Fair, Isaac in making its determination to approve and recommend the agreement and merger.

Stephens and Salomon Smith Barney are internationally recognized investment banking firms engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The board of directors of Fair, Isaac selected Stephens and Salomon Smith Barney to act as its financial advisors on the basis of each of their respective international reputation and familiarity with Fair, Isaac. In the ordinary course of their respective businesses, Stephens, Salomon Smith Barney and their respective affiliates may actively trade or hold the securities of Fair, Isaac and HNC for their own account and for the account of customers and, accordingly, may at any time hold a long or short position in those securities. Stephens, and its affiliates, and Salomon Smith Barney and its affiliates, including Citigroup Inc. and its affiliates, may maintain other relationships with Fair, Isaac, HNC and their respective affiliates.

Recommendation of, and Factors Considered by, the HNC Board

The HNC board met on April 28, 2002 to consider and vote on the merger. At this meeting, after due consideration, the HNC board unanimously concluded that the merger and other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, HNC and its stockholders and unanimously approved the merger agreement, the merger, and the transactions contemplated by the merger agreement.

In considering the recommendation of the HNC board of directors with respect to the merger agreement, HNC stockholders should be aware that some of HNC's directors, executive officers and other key employees will receive benefits if the merger is completed which results in those persons having interests in the merger that are different from, or in addition to, the interests of HNC stockholders. Please see "Interests of Certain Persons in the Merger" beginning on page 64.

Accordingly, the HNC board recommends that HNC stockholders vote for approval and adoption of the merger agreement and approval of the merger.

In reaching its decision to approve and recommend the merger, the HNC board considered and discussed the information provided to it at and prior to the April 28 meeting, and consulted with HNC's management, as well as HNC's legal and financial advisors. The HNC board considered the following material information and factors:

- all of the reasons described under "Our Reasons for the Merger" beginning on page 40;
- the challenges facing HNC as an independent company in the current difficult economic environment, including its dependence on planned new products to support growth in its revenues beyond mid-2002, its need to complete the development of those products and its Critical Action Platform in a timely manner, and the risk that these planned new products might not be successfully developed or timely introduced, or accepted by the market;
- increasing competition and consolidation in HNC's markets, and the benefits, in this market environment, of becoming part of a larger organization with broader, more comprehensive product and service offerings and potential access to greater financial resources;

- the strength of Fair, Isaac's management team;
- the significantly larger market capitalization and public float of the combined company compared to HNC alone, which could allow HNC stockholders to obtain a more liquid investment;
- the judgment, advice and analyses of HNC's management with respect to the risks and potential opportunities HNC would face in conducting its business as an independent entity, and the potential strategic, financial and operational benefits of the merger;
- trends in the market for analytic software, including trends in overall spending for software applications and services and lengthening sales cycles;
- information concerning Fair, Isaac's and HNC's respective businesses, prospects, financial performance and condition, operations, technology, management and competitive position, both before and after giving effect to the merger, including public reports concerning results of operations during the most recent fiscal year and fiscal quarter for each company as filed with the Securities and Exchange Commission;
- the exchange ratio negotiated with Fair, Isaac and the implied premium over recent and historical market prices of the HNC common stock, as well as how this premium compared to price premiums in recent comparable transactions;
- current financial market conditions and historical market prices, volatility and trading information about HNC's common stock and Fair, Isaac's common stock;
- the potential impact of the merger on HNC's customers and employees;
- the technical expertise of Fair, Isaac's employees;
- the terms and conditions of the merger agreement and advice of HNC's outside legal counsel and financial advisers on such proposed terms, including:
  - the conditions to Fair, Isaac's obligation to complete the merger;
  - covenants of HNC regarding the conduct of its business pending completion of the merger;
  - the definition of "Material Adverse Effect" in the merger agreement, as it applies to Fair, Isaac's obligation to consummate the merger;
  - the restrictions posed by the non-solicitation and termination provisions of the merger agreement and the effect that these provisions might have on HNC's ability to respond to a

superior offer from a third party or the ability of HNC to negotiate other unsolicited acquisition proposals under certain circumstances; and

the termination fee payable by HNC to Fair, Isaac if the merger agreement is terminated under specified circumstances;

results of the due diligence investigation conducted by HNC's management, financial advisors and legal counsel;

the expectation that the merger would qualify as a tax-free reorganization for U.S. federal income tax purposes;

new temporary tax regulations relating to, and the expectation that the merger would not adversely affect, the federal income tax treatment of the spin-off of a former HNC subsidiary in 2000;

corporate governance arrangements for the combined company, which will have a board of directors that would include two persons chosen by Fair, Isaac who were either members of HNC's board of directors or other individuals reasonably acceptable to HNC;

an assessment of HNC's strategic alternatives to the merger, including remaining an independent company, merging or consolidating with a party other than Fair, Isaac or acquiring another company;

HNC's evaluation of the likelihood that another company would propose an alternative transaction and the potential terms of any such alternative transaction; and

the financial presentation of Credit Suisse First Boston to the HNC board of directors on April 28, 2002, including its opinion dated April 28, 2002 to the HNC board to the effect that, as of such date and based on and subject to the matters described in its opinion, the exchange ratio was fair, from a financial point of view, to the holders of HNC common stock.

The HNC board also considered the potential adverse consequences of other factors on the proposed merger, including:

the risk that the potential benefits sought in the merger may not be realized;

the risk that the merger may not be consummated in a timely manner or at all and the potential adverse effects of the failure to consummate the merger on HNC's operating results, its product development efforts and the trading price of HNC common stock;

the risk of diverting management resources from other strategic opportunities and operational matters for an extended period of time;

the risk of employee disruption associated with the merger, including the risk that, despite the efforts of HNC and the combined company, key technical, sales and management personnel might not remain through, or after, the consummation of the merger;

the effect of the public announcement of the merger on HNC's customer relationships;

the risk that post-merger integration of the two companies' products, services, employees and cultures may not be accomplished quickly or smoothly, especially in view of the geographic distance between their respective operations and each company's limited experience in integrating large acquisitions;

the risk that the per share value of the Fair, Isaac common stock to be received in the merger could decline significantly from the value it had prior to the announcement of the merger, since the exchange ratio will not be adjusted for changes in the

market price of HNC common stock or Fair, Isaac common stock;

the potential negative effect on Fair, Isaac's stock price associated with public announcement of the proposed merger;

the risk that if the merger is not completed, HNC would have incurred significant costs, and made significant business operational plans and decisions, in contemplation of the merger, and that these actions could weaken it as an independent company if the merger were not completed;

the risks associated with obtaining the necessary approvals required to complete the merger, including inability to obtain regulatory or stockholder approval; and

other applicable risks described in this joint proxy statement/prospectus under "Risk Factors" beginning on page 17.

In addition, HNC's board of directors considered the interests that its executive officers and other key employees may have with respect to the merger in addition to their interests as HNC stockholders.

HNC's board concluded, however, that on balance, the merger's potential benefits to HNC and its stockholders outweighed the associated risks.

The foregoing discussion of the information and factors considered by HNC's board is not intended to be exhaustive. Each member of HNC's board of directors may have considered different factors, and the HNC board of directors evaluated these factors as a whole. In view of the variety of factors considered in connection with its evaluation of the merger, HNC's board did not find it practicable to, and did not, quantify or otherwise assign relative weight to, the specific factors considered in reaching its determination. In addition, the HNC board of directors did not reach any specific conclusion with respect to each of the factors considered. HNC cannot assure you that any of the expected results, synergies, opportunities or other benefits described in this section will be achieved as a result of the merger.

Opinion of HNC's Financial Advisor

Credit Suisse First Boston has acted as HNC's exclusive financial advisor in connection with the merger. HNC selected Credit Suisse First Boston based on Credit Suisse First Boston's experience and reputation, and its familiarity with HNC and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In connection with Credit Suisse First Boston's engagement, HNC requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of HNC common stock of the exchange ratio provided for in the merger. On April 28, 2002, at a meeting of the HNC board of directors held to evaluate the merger, Credit Suisse First Boston rendered to the HNC board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion, dated April 28, 2002, to the effect that, as of that date and based on and subject to the matters described in its opinion, the exchange ratio was fair, from a financial point of view, to the holders of HNC common stock.

The full text of Credit Suisse First Boston's written opinion, dated April 28, 2002, to the HNC board of directors, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex D and is incorporated into this joint proxy statement/prospectus by reference. Holders of HNC common stock are encouraged to read this opinion carefully in its entirety. Credit Suisse First Boston's opinion is addressed to the HNC board of directors and relates only to the fairness, from a financial point of view, of the exchange ratio, does

not address any other aspect of the proposed merger or any related transaction and does not constitute a recommendation to any stockholder as to any matters relating to the merger. The summary of Credit Suisse First Boston's opinion in this joint proxy

statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Credit Suisse First Boston reviewed the merger agreement and publicly available business and financial information relating to HNC and Fair, Isaac. Credit Suisse First Boston also reviewed other information relating to HNC and Fair, Isaac, including financial forecasts, provided to or discussed with Credit Suisse First Boston by HNC and Fair, Isaac and met with the managements of HNC and Fair, Isaac to discuss the businesses and prospects of HNC and Fair, Isaac. Credit Suisse First Boston considered financial and stock market data of HNC and Fair, Isaac and compared those data with similar data for other publicly held companies in businesses similar to those of HNC and Fair, Isaac, and considered, to the extent publicly available, the financial terms of other business combinations and transactions effected. Credit Suisse First Boston also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that it reviewed or considered and relied on that information being complete and accurate in all material respects. With respect to financial forecasts relating to HNC and Fair, Isaac, Credit Suisse First Boston was advised, and it assumed, that those forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of HNC and Fair, Isaac as to the future financial performance of HNC and Fair, Isaac. In addition, Credit Suisse First Boston relied, without independent verification, on the assessments of the managements of HNC and Fair, Isaac as to HNC's and Fair, Isaac's existing and future technology and products and risks associated with those technology and products, the potential cost savings and synergies, including the amount, timing and achievability of those costs savings and synergies, and strategic benefits anticipated by the managements of HNC and Fair, Isaac to result from the merger, and HNC's and Fair, Isaac's ability to integrate their businesses and to retain key employees. Credit Suisse First Boston further relied, without independent verification, on the assessment of HNC, after HNC's consultation with its tax advisors, as to the tax consequences to HNC of its spin-off of a subsidiary in September 2000. Credit Suisse First Boston assumed, with HNC's consent, that in the course of obtaining the necessary regulatory and third party approvals and consents for the proposed merger, no modification, delay, limitation, restriction or condition would be imposed that would have an adverse effect on HNC or Fair, Isaac or the contemplated benefits of the proposed merger and that the merger would be consummated in accordance with the terms of the merger agreement, without waiver, amendment or modification of any material term, condition or agreement. Credit Suisse First Boston also assumed, with HNC's consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes. Credit Suisse First Boston was not requested to, and did not, make an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of HNC or Fair, Isaac, and Credit Suisse First Boston was not furnished with any evaluations or appraisals.

Credit Suisse First Boston's opinion was necessarily based on information available to it, and financial, economic, market and other conditions as they existed and could be evaluated, on the date of Credit Suisse First Boston's opinion. Credit Suisse First Boston did not express any opinion as to what the value of Fair, Isaac common stock actually would be when issued in the merger or the prices at which Fair, Isaac common stock would trade at any time after the merger. Although Credit Suisse First Boston evaluated the exchange ratio from a financial point of view, Credit Suisse First Boston was not requested to, and did not, recommend the specific consideration payable in the merger, which consideration was determined between HNC and Fair, Isaac. In connection with its engagement, Credit Suisse First Boston was requested to solicit indications of interest from selected third parties regarding

the possible acquisition of HNC and held preliminary discussions with some of those parties prior to the date of Credit Suisse First Boston's opinion. Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other business strategies that might have been available to HNC, and also did not address the underlying business decision of HNC to proceed with the merger. Except as described above, HNC imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the HNC board of directors, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying its opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of HNC and Fair, Isaac. No company, transaction or business used in Credit Suisse

First Boston's analyses as a comparison is identical to HNC, Fair, Isaac or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Credit Suisse First Boston's analyses and estimates are inherently subject to substantial uncertainty.

Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the HNC board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of the HNC board of directors or management with respect to the merger or the exchange ratio.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion dated April 28, 2002 delivered to the HNC board of directors in connection with the merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses. Credit Suisse First Boston's financial analyses were based on the exchange ratio provided for in the merger of 0.346x, before giving effect to Fair, Isaac's 3-for-2 stock split on June 5, 2002.**

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Selected Companies Analysis. Credit Suisse First Boston compared financial and stock market data of HNC to corresponding data of the following 12 publicly traded companies in the analytics and marketing vendor and enterprise application vendor industries:

Analytics and Marketing Vendors	Enterprise Application Vendors
Cognos Incorporated	Microsoft Corporation
Business Objects S.A.	Oracle Corporation
Retek, Inc.	SAP AG
Ascential Software Corporation	Siebel Systems, Inc.
Informatica Corporation	PeopleSoft, Inc.
E.piphany, Inc.	
Chordiant Software, Inc.	

Credit Suisse First Boston also compared financial and stock market data of Fair, Isaac to corresponding data of the selected companies identified above and the following five publicly traded companies in the IT outsourcing industry:

IT Outsourcing
Automatic Data Processing, Inc.
First Data Corporation
Amdocs Limited
Equifax Inc.
ChoicePoint Inc.

Credit Suisse First Boston compared stock prices as a multiple of calendar year 2001 earnings per share, commonly referred to as EPS, and calendar years 2002 and 2003 estimated EPS, and compared fully diluted aggregate values, calculated as fully diluted equity value plus net debt, as a multiple of calendar year 2001 revenues and calendar years 2002 and 2003 estimated revenues. Credit Suisse First Boston also compared calendar years 2002 and 2003 estimated price to earnings ratios as a multiple of estimated long term growth rates. All multiples were based on closing stock prices on April 26, 2002. Estimated financial data for HNC, Fair, Isaac and the selected companies were based on publicly available research analysts' estimates. This analysis indicated the following median multiples for the selected companies, as compared to the multiples implied for HNC by the closing price of HNC common stock on April 26, 2002 and implied for HNC in the merger based on the exchange ratio and the closing price of Fair, Isaac common stock on April 26, 2002 and the multiples implied for Fair, Isaac by the closing price of Fair, Isaac common stock on April 26, 2002:

	HNC	Analytics and Marketing Vendors	Enterprise Application Vendors	Fair, Isaac	IT Outsourcing

	HNC		Analytics and Marketing Vendors	Enterprise Application Vendors	Fair, Isaac	IT Outsourcing
	Implied in the Merger	Closing Price on 4/26/02	Median	Median	Closing Price on 4/26/02	Median
Price as Multiple of Earnings for:						
CY2001	48.0x	37.8x	45.9x	36.0x	29.5x	30.9x
CY2002	43.6	34.3	42.0	32.1	26.6	24.1
CY2003	31.8	25.0	32.5	25.5	22.6	20.9
Aggregate Value as Multiple of Revenue for:						
CY2001	2.9x	2.1x	3.3x	5.4x	4.2x	4.4x
CY2002	2.6	1.9	2.4	5.2	3.9	4.3
CY2003	2.3	1.6	1.8	4.7	3.6	3.8
Price to Earnings Ratio as Multiple of Long Term Growth Rate for:						
CY2002	1.7x	1.3x	1.5x	1.5x	1.8x	1.6x
CY2003	1.2	1.0	1.2	1.2	1.5	1.4

Exchange Ratio Analysis. Credit Suisse First Boston reviewed the ratio of the closing price of HNC common stock to the closing price of Fair, Isaac common stock on April 26, 2002 and the average of these daily ratios calculated over the 10-trading day, 30-trading day, 60-trading day, 90-trading day and 180-trading day periods ending April 26, 2002. Credit Suisse First Boston then computed the premium/(discount) implied by the exchange ratio in the merger relative to the implied average exchange ratios for the periods observed. This analysis yielded an implied exchange ratio range of 0.261x to 0.338x, as compared to the exchange ratio in the merger of 0.346x, an implied merger premium/(discount) range of approximately 2.4% to 32.7%, and an implied fully diluted ownership percentage range for HNC's stockholders in the combined company of approximately 27.7% to 33.6%, as compared to the fully diluted ownership percentage of HNC's stockholders in the combined company immediately upon consummation of the merger of approximately 34.2%, as indicated in the following table:

Period	Implied Exchange Ratio	Implied Merger Premium/(Discount)	Implied HNC Fully Diluted Ownership Percentage
April 26, 2002	0.272x	27.2%	28.7%
10 trading days average	0.287	20.5	29.8
30 trading days average	0.270	28.1	28.5
60 trading days average	0.261	32.7	27.7
90 trading days average	0.288	20.0	29.9
180 trading days average	0.338	2.4	33.6

Selected Merger of Equals Transactions Analysis. Credit Suisse First Boston reviewed the exchange ratios in 101 selected merger of equals transactions since 1991, and 24 selected technology merger of equals transactions since 1994, in which the pro forma equity ownership of the target shareholders was equal to or in excess of 30% upon consummation of the transaction. For each group of transactions, Credit Suisse First Boston calculated the premium implied by the exchange ratio in the transactions relative to the ratio of the closing stock prices for the acquirors and targets in the transactions one trading day and over the 10-day, 30-day, 60-day and 90-day periods prior to public announcement of the transactions. Credit Suisse First Boston then applied the resulting implied premiums to the ratio of the closing price of HNC common stock to the closing price of Fair, Isaac common stock over the same periods. This analysis indicated an implied exchange ratio range for the 101 selected merger of equals transactions of 0.302x to 0.336x and for the 24 selected merger of equals transactions of 0.292x to 0.335x, as compared to the exchange ratio in the merger of 0.346x, as indicated in the following table:

	Exchange Ratios Implied by Merger of Equals Transactions					
Merger of Equals Transactions	90 Days	60 Days	30 Days	10 Days	1 Day	Average
101 Merger of Equals Transactions	0.327x	0.302x	0.317x	0.336x	0.317x	0.320x
24 Technology Merger of Equals Transactions	0.325x	0.292x	0.306x	0.335x	0.317x	0.315x

Contribution Analysis. Credit Suisse First Boston reviewed the relative contributions of HNC and Fair, Isaac to the revenue, gross profit, operating income and net income of the combined company for calendar year 2001 and as estimated for calendar years 2002 and 2003. Estimated financial data were based on publicly available research analysts' estimates. Credit Suisse First Boston then computed implied exchange ratios based on the fully diluted ownership percentages of HNC's stockholders in the combined company implied by HNC's relative contribution for each operational metric observed, in

each case adjusted to reflect net cash balances. This analysis indicated the following low and high implied exchange ratios, as compared to the exchange ratio in the merger:

Implied Exchange Ratio		
Low	**High**	**Merger Exchange Ratio**
0.220x	0.489x	0.346x

Discounted Cash Flow Analyses

HNC Standalone. Credit Suisse First Boston performed a discounted cash flow analysis of HNC to derive an implied per share equity reference range for HNC utilizing the estimated present value of the stand-alone, unlevered, after-tax free cash flows that HNC could generate over calendar years 2002 through 2007, based on estimates provided by or discussed with HNC's management. Credit Suisse First Boston calculated a range of estimated terminal values for HNC by applying a range of selected unlevered net income terminal value multiples of 15.0x to 25.0x to HNC's calendar year 2007 estimated unlevered net income. The present value of the cash flows and terminal values were calculated using selected discount rates ranging from 12.0% to 15.0%. This analysis indicated the following implied per share equity reference range for HNC, as compared to the implied per share merger consideration based on the exchange ratio in the merger and the closing price of Fair, Isaac common stock on April 26, 2002:

Implied Per Share Equity Reference Range for HNC	Implied Per Share Merger Consideration Based on Closing Price of Fair, Isaac Common Stock on April 26, 2002
$15.95 - $24.26	$22.18

Pro Forma Combined Company. Credit Suisse First Boston performed a discounted cash flow analysis of the combined company to derive an implied per share equity reference range for the combined company utilizing the estimated present value of the unlevered, after-tax free cash flows that the combined company could generate over calendar years 2002 through 2007, based on estimates provided by or discussed with the managements of HNC and Fair, Isaac after giving effect to the potential cost savings and other synergies estimated by the managements of HNC and Fair, Isaac to result from the merger. Credit Suisse First Boston calculated a range of estimated terminal values for the combined company by applying a range of selected unlevered net income terminal value multiples of 12.5x to 22.5x to the combined company's calendar year 2007 estimated unlevered net income. The present value of the cash flows and terminal values were calculated using discount rates ranging from 9.0% to 13.0%. Based on the fully diluted ownership percentage of HNC's stockholders in the combined company immediately upon consummation of the merger of 34.2% and after taking into account potential effects of the conversion of HNC's convertible debt, this analysis indicated the following portion of the implied per share equity reference range of the combined company for HNC, as compared to the implied per share equity reference range for HNC on a stand-alone basis described above:

Portion of Implied Per Share Equity Reference Range of the Combined Company for HNC	Implied Per Share Equity Reference Range for HNC on a Stand-Alone Basis
$20.13 - $29.94	$15.95 - $24.26

Pro Forma Impact Analysis. Credit Suisse First Boston analyzed the potential pro forma effect of the merger on Fair, Isaac's estimated EPS for the third and fourth quarters of calendar year 2002 and for calendar year 2003 without giving effect to potential costs savings and other synergies estimated by the managements of HNC and Fair, Isaac to result from the merger. Estimated financial data were based on publicly available research analysts' estimates. Based on the exchange ratio in the merger of

0.346x, this analysis suggested that the merger could be dilutive to Fair, Isaac's estimated EPS, both before and after giving effect to amortization charges associated with the merger, for each of the periods reviewed.

Applying the same assumptions described above, Credit Suisse First Boston also reviewed the level of potential costs savings and other synergies that would be implied if the pro forma effect of the merger were neutral to Fair, Isaac's estimated EPS and to HNC's estimated EPS on a stand-alone basis for each of the periods observed and noted that, except for the third quarter of calendar year 2002, such levels of potential cost savings and other synergies were less than potential costs savings and other synergies estimated by the managements of HNC and Fair, Isaac to result from the merger.

Based on the same assumptions described above, Credit Suisse First Boston also analyzed the potential pro forma effect of the merger relative to HNC's estimated EPS on a stand-alone basis for the third and fourth quarters of calendar year 2002 and for calendar year 2003. Based on the exchange ratio in the merger of 0.346x, this analysis suggested that the merger could be dilutive to HNC's fourth quarter calendar year 2002 estimated EPS after giving effect to amortization charges associated with the merger, accretive to HNC's fourth quarter calendar year 2002 estimated EPS before giving effect to amortization charges associated with the merger, and accretive to HNC's estimated EPS for all other periods observed both before and after giving effect to amortization charges associated with the merger. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Other Factors. In the course of preparing its opinion, Credit Suisse First Boston also reviewed and considered other information and data, including:

- the historical price performance and trading characteristics of HNC common stock and Fair, Isaac common stock and the relationship between movements in HNC common stock, movements in Fair, Isaac common stock and movements in the Nasdaq Composite Index and selected stock indices of related industries;

- research analysts' reports for HNC common stock and Fair, Isaac common stock, including revenue and EPS estimates;

- the estimated present value of the stand-alone, unlevered after-tax free cash flows that Fair, Isaac could generate over calendar years 2002 through 2007, based on estimates provided by or discussed with Fair, Isaac's management;

- an illustrative implied equity reference range of HNC resulting from applying selected multiples of calendar years 2002 and 2003 estimated EPS, revenues and price to earnings ratios as a multiple of estimated long term growth rates of selected companies to corresponding financial data of HNC; and

- an illustrative overview of future potential trading prices of HNC common stock, based on hypothetical EPS and earnings multiples for HNC, and the amount of revenues that HNC would need to generate in order to realize various future hypothetical stock prices of HNC common stock.

Miscellaneous. HNC has agreed to pay Credit Suisse First Boston customary fees for its financial advisory services. HNC also has agreed to reimburse Credit Suisse First Boston for its reasonable out-of-pocket expenses, including fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates in the past have provided investment banking and financial services to HNC, for which services Credit Suisse First Boston and its affiliates have received compensation. In the ordinary course of business, Credit Suisse First Boston and its affiliates may

actively trade the securities of HNC and Fair, Isaac for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

Directors of Fair, Isaac Following the Merger

Following the merger, the board of directors of Fair, Isaac will consist of the current directors of Fair, Isaac plus two new directors selected by Fair, Isaac who are either directors of HNC or other individuals reasonably acceptable to HNC.

Accounting Treatment

In accordance with United States generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting. Under the purchase method of accounting, the combined company will allocate the total estimated purchase price to HNC's net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development based on their fair values as of the date of completion of the merger, and record the excess of the purchase price over those fair values as goodwill. The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The preliminary estimate of the amount to be allocated to in-process research and development is $39.3 million. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. Annual amortization of intangible assets, currently estimated at $12.9 million, will result in an estimated increase in amortization expense of $10.8 million on an annual basis, as compared to Fair, Isaac's amortization expense for such items during its most recent fiscal year of $2.1 million. In addition, to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired, the combined company may be required to incur material charges relating to the impairment of those assets.

Material Federal Income Tax Consequences of the Merger

The following discussion summarizes the opinions of Pillsbury Winthrop LLP, tax counsel to Fair, Isaac, and Fenwick & West LLP, tax counsel to HNC (together, "tax counsel"), as to the material federal income tax consequences of the merger. We have filed legal opinions dated as of June 14, 2002 with the SEC as exhibits to the registration statement related to this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 93. It is a condition to the obligations of HNC and Fair, Isaac to complete the merger that on the closing date each receive an additional legal opinion (the "closing date opinions") from its tax counsel that the merger qualifies as a tax-free reorganization, within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes. If a party's tax counsel does not deliver the opinion, this condition can still be satisfied if the tax counsel to the other party delivers the opinion. Although the merger agreement allows us to waive this condition to closing, Fair, Isaac and HNC currently do not anticipate doing so. If either of us does waive this condition, we will inform you of this decision and ask you to vote on the merger taking this and all risks resulting to the stockholders from such a waiver into consideration.

In delivering their opinions regarding the merger as of June 14, 2002, tax counsel have each relied, and in delivering the closing date opinions, tax counsel will each rely, on (1) representations and covenants made by Fair, Isaac and HNC, including those contained in certificates of officers of Fair, Isaac and HNC, and (2) specified assumptions, including an assumption regarding the completion of the merger in the manner contemplated by the merger agreement. In addition, tax counsel have assumed, and tax counsel's ability to provide the closing date opinions will depend on, the absence of changes in existing facts or in law between June 14, 2002 and the closing date. If any of those representations, covenants or assumptions is inaccurate or if any such change in fact or law occurs, then

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either or both tax counsel may not be able to provide the required closing date opinions and the tax consequences of the merger could differ from those described in the opinions that tax counsel have delivered. The Internal Revenue Service (the "IRS") may not adopt tax counsel's opinions and may adopt a contrary position, which may be sustained by the courts. Neither HNC nor Fair, Isaac intends to obtain a ruling from the IRS with respect to the tax consequences of the merger.

The discussion below is based upon the Code, the regulations promulgated under the Code, IRS rulings, and judicial and administrative rulings in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. The discussion below does not address all aspects of federal income taxation that may be relevant to a stockholder in light of the stockholder's particular circumstances or to those HNC stockholders subject to special rules, such as stockholders who are not citizens or residents of the United States, stockholders that are foreign corporations, foreign estates or foreign trusts, financial institutions, tax-exempt organizations, insurance companies, dealers or brokers in securities, stockholders who acquired their HNC stock pursuant to the exercise of options or similar derivative securities or otherwise as compensation or stockholders who hold their HNC stock as part of a hedge, appreciated financial position, straddle or conversion transaction. This discussion assumes that HNC stockholders hold their respective shares of HNC stock as capital assets within the meaning of Section 1221 of the Code.

Federal Income Tax Consequences to Fair, Isaac Stockholders. Holders of Fair, Isaac stock will not recognize any gain or loss for federal income tax purposes as a result of the merger.

Federal Income Tax Consequences to HNC Stockholders. Holders of shares of HNC stock (1) will not recognize any gain or loss for federal income tax purposes as a result of the exchange of their shares of HNC stock for Fair, Isaac common stock in the merger except with respect to cash received instead of a fractional share of Fair, Isaac common stock and (2) will have a tax basis in the Fair, Isaac common stock they receive in the merger equal to the tax basis of the HNC stock they surrender in the merger less any tax basis of the HNC stock surrendered that is allocable to a fractional share of Fair, Isaac common stock for which cash is received. The HNC stockholders' holding period with respect to the Fair, Isaac common stock received in the merger will include the holding period of the HNC stock surrendered in the merger.

To the extent that a holder of shares of HNC stock receives cash instead of a fractional share of Fair, Isaac common stock, the holder will be required to recognize gain or loss for federal income tax purposes, measured by the difference between the amount of cash received and the portion of the tax basis of the holder's shares of HNC stock allocable to such fractional share of Fair, Isaac common stock. Generally, this gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the HNC stock exchanged for the fractional share of Fair, Isaac common stock was held continuously for more than one year at the effective time of the merger.

Federal Income Tax Consequences to HNC, Fair, Isaac and the Merger Subsidiary. None of Fair, Isaac, HNC, or the merger subsidiary will recognize gain or loss for federal income tax purposes as a result of the merger.

We intend this discussion to provide only a summary of the material federal income tax consequences of the merger. We do not intend that it be a complete analysis or description of all potential federal income tax consequences of the merger. In addition, we do not address tax consequences that may vary with, or are contingent upon, a stockholder's particular circumstances. Moreover, we do not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, we strongly urge you to consult your tax advisor to determine your United States federal, state, local or foreign income or other tax consequences resulting from the merger, with respect to your individual circumstances.

Regulatory Matters

U.S. Antitrust. The merger is subject to review by the United States Department of Justice or the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Under the HSR Act, Fair, Isaac and HNC were required to make pre-merger notification filings and are awaiting the expiration or termination of the applicable waiting period, which is a condition to completion of the merger. Fair, Isaac and HNC submitted their notification forms on May 10, 2002. On June 10, 2002, the staff of the DOJ made a request for additional information. We are in the process of responding to this request. The waiting period will be extended until 30 days after Fair, Isaac and HNC comply with the DOJ's request.

If the DOJ believes that the merger would violate the federal antitrust law by substantially lessening competition in any line of commerce affecting U.S. consumers, the DOJ has the authority to challenge the merger by seeking a federal court order enjoining the transaction. We can give no assurance that a challenge to the merger will not be made or, if such a challenge is made, that it would be unsuccessful. Expiration or termination of the HSR Act waiting period and the absence of any action by a government body to enjoin the merger are conditions to the merger. See "The Merger Agreement Conditions to the Completion of the Merger" on page 81.

Other Laws. Fair, Isaac and HNC conduct operations in other jurisdictions where regulatory filings or approvals may be required or advisable in connection with the completion of the merger. The merger is not subject to the approval of the European Commission, however, we are currently in the process of determining in which other foreign jurisdictions such filings or approvals may be required or desirable.

General. It is possible that governmental entities having jurisdiction over Fair, Isaac and HNC may seek regulatory concessions as conditions for granting approval of the merger. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Fair, Isaac or HNC may refuse to complete the merger if restrictions or conditions are required by governmental authorities that would be reasonably likely to have a material adverse effect on the benefits reasonably expected to be derived by the combined company as a result of the merger. We can give no assurance that the required regulatory approvals will be obtained on terms that satisfy the conditions to closing of the merger or within the time frame contemplated by Fair, Isaac and HNC. See "The Merger Agreement Conditions to the Completion of the Merger" on page 81.

Appraisal Rights

Holders of Fair, Isaac common stock and HNC common stock are not entitled to appraisal rights under Delaware law in connection with the merger. Appraisal rights under Delaware law are not available in connection with the merger because the shares of Fair, Isaac common stock that HNC stockholders will be entitled to receive in the merger will be listed on the New York Stock Exchange at the closing and because HNC common stock was traded on the Nasdaq National Market as of the record date for the HNC stockholders meeting.

Federal Securities Laws Consequences

This joint proxy statement/prospectus does not cover any resales of the Fair, Isaac common stock to be received by the stockholders of HNC upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any such resale.

All shares of Fair, Isaac common stock received by HNC stockholders in the merger will be freely transferable, except shares of Fair, Isaac common stock received by persons who are deemed to be "affiliates" of HNC under the Securities Act of 1933, as amended, at the time of the HNC meeting. Shares of Fair, Isaac common stock received by such affiliates in the merger may be resold by them

only in transactions permitted by Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of HNC for such purposes generally include individuals or entities that control, are controlled by or are under common control with HNC and include directors and executive officers of HNC.

Effect of the Merger on Outstanding HNC Convertible Notes

Since September 6, 2001, HNC has had outstanding $150,000,000 aggregate principal amount of 5.25% convertible subordinated notes due September 1, 2008. The convertible notes were issued under an indenture dated as of August 24, 2001 between HNC and State Street Bank and Trust Company of California, N.A., as trustee. The indenture provides that after consummation of the merger, the note holders will be entitled to convert their notes into the number of shares of Fair, Isaac common stock that they would have received in the merger if they had converted the notes into HNC common stock immediately before the merger. If the notes are outstanding at the time the merger is consummated, Fair, Isaac, HNC and the trustee will enter into a supplemental indenture to implement this modification in the conversion right of the notes. The merger will not constitute a "change in control" as defined in the indenture, and accordingly the note holders will not have the right to require HNC to repurchase the notes.

Fair, Isaac will file a registration statement with the SEC that registers the resale of Fair, Isaac common stock that will be issuable upon the conversion of the notes following the merger and Fair, Isaac will use its reasonable efforts to have this registration statement declared effective as soon as practicable after the effective time of the merger. In addition, following the merger, Fair, Isaac will either assume or cause HNC to comply with all of HNC's obligations under the registration rights agreement relating to the notes.

Stock Exchange Listing; Delisting and Deregistration of HNC Common Stock

It is a condition to the merger that the shares of Fair, Isaac common stock issuable in the merger be approved for listing on the NYSE at or prior to the closing, subject to official notice of issuance. If the merger is completed, HNC common stock will cease to be listed on the Nasdaq National Market.

Stockholder Lawsuit Challenging the Merger

A complaint has been filed and remains pending in the Superior Court of the State of California, County of San Diego, naming as defendants the directors of HNC. The complaint purports to be filed on behalf of holders of HNC stock and alleges, among other things, that HNC's directors breached their fiduciary duties to HNC's stockholders by approving the merger agreement and that the individual defendants engaged in self-dealing in connection with their approval of the merger. The complaint seeks injunctive relief, including enjoining consummation of the merger, and an award of attorneys' fees and experts' fees. The defendants believe the claims are without merit and intend to defend against this lawsuit vigorously. Under Delaware law and indemnification agreements HNC entered into with its directors, HNC is indemnifying the directors against their expenses in defending this lawsuit.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

In considering the recommendation of the HNC board with respect to the merger agreement, HNC stockholders should be aware that members of the management and board of directors of HNC have interests in the merger that may be different from, or in addition to, the interests of the other stockholders of HNC generally.

Board of Directors

Fair, Isaac has agreed that, as of the effective date of the merger, it will expand its board of directors by two seats and will appoint to the Fair, Isaac board two individuals who are selected by Fair, Isaac and are either directors of HNC or other individuals reasonably acceptable to HNC.

Indemnification; Directors' and Officers' Insurance

Fair, Isaac has agreed to indemnify, defend and hold harmless each person who, as of the effective time of the merger, is a present or former director or officer of HNC against all expenses, judgments, claims, damages or other liabilities such person may incur in that capacity due to any claim arising on or before the effective time of the merger, to the fullest extent permitted under applicable law, HNC's certificate of incorporation and bylaws and indemnification agreements between such individuals and HNC in effect on the date of the merger agreement. Fair, Isaac has also agreed to cause HNC to use its reasonable best efforts to maintain directors' and officers' liability insurance covering each person currently covered by HNC's directors' and officers' liability insurance policy on comparable terms for a period of six years after closing of the merger, except that Fair, Isaac is not obligated to pay more than 175% of the amount of the premium currently paid by HNC for such coverage, and will use its reasonable best efforts to maintain the maximum amount of such insurance coverage that is available for a premium that is 175% of HNC's current annual premium.

Employment Agreements

In April 2002, HNC entered into employment agreements with the following executive officers of HNC: John Mutch President and Chief Executive Officer; Mary Burnside Chief Operating Officer; Michael Chiappetta Executive Vice President, Analytics; Charles Nicholls Executive Vice President, Software Products; and Kenneth J. Saunders Chief Financial Officer. These agreements provide for cash severance payments upon a change of control of HNC. The merger will constitute a change of control under these agreements. The amount of the change of control severance payment for Mr. Mutch is three times his current base salary plus three times his target bonus for 2002, or approximately $2.1 milion. The amount of the payment for the other executive officers is their current base salary and target bonus for 2002, plus an additional 5% of that amount for each full six-month period the executive was employed by HNC and, in the case of Mr. Saunders, the period he was employed by a predecessor of HNC. The amount of each payment will be approximately as follows: $0.6 million to Ms. Burnside; $0.6 million to Mr. Chiappetta; $0.4 million to Mr. Nicholls; and $1.0 million to Mr. Saunders. HNC agreed to pay these amounts in two installments. The first installment of 80% will be due upon completion of the merger. The second installment of the remaining 20% of the payment is due on the earliest of three months after completion of the merger, the executive's death or disability, termination of the executive's employment without cause or constructive termination of the executive's employment, as defined in the employment agreement. The second installment will not be paid, however, if the executive resigns within three months after completion of the merger, unless due to constructive termination, death or disability.

The employment agreements also provide that if the executive's employment is terminated without cause or is constructively terminated within three months after completion of the merger, the terminated executive is entitled to receive reimbursement for the payments he or she makes for health

and medical insurance coverage under COBRA for up to eighteen months, continuation of life insurance benefits that he or she is participating in at the date of termination for up to eighteen months, subject to certain restrictions, and reimbursement of any federal excise tax that he or she incurs on the above benefits, plus an additional amount sufficient to pay any excise tax and federal and state income and employment taxes arising from payment of such additional amount to such officer, subject to limitations set forth in the agreements. In addition, each of these executive officers has an obligation to provide transitional services to HNC for up to three months after closing of the merger.

Under these employment agreements, all unvested stock options held by these officers will vest in full immediately before completion of the merger. These options will continue to be exercisable until the later of one year following completion of the merger or the date the options would otherwise expire according to their terms. The following table shows the number of unvested options to purchase shares of HNC common stock held by executive officers of HNC that will accelerate immediately prior to completion of the merger.

Name	Options Accelerated*
John Mutch	428,212
Mary Burnside	133,334
Michael Chiappetta	53,414
Charles Nicholls	80,000
Kenneth J. Saunders	142,198

* Number of options accelerated assumes completion of the merger on August 15, 2002.

Acceleration of Options Granted to Non-Employee Directors

Pursuant to HNC's 1995 Directors Stock Option Plan, all unvested stock options granted to non-employee directors under that plan will vest in full immediately before completion of the merger. The following table shows the number of unvested options to purchase shares of HNC common stock held by directors of HNC that will accelerate immediately prior to completion of the merger.

Name	Options Accelerated*
Edward K. Chandler	11,656
David Y. Chen	16,874
Thomas F. Farb	11,656
Alex W. Hart	25,781
Louis A. Simpson	30,000

* Number of options accelerated assumes completion of the merger on August 15, 2002.

Retention Plan

Pursuant to the retention plan approved by the HNC board of directors on April 4, 2002 as amended on April 28, 2002, certain key employees of HNC will receive a cash payment after the completion of the merger if they either continue to be employed by HNC for certain time periods or are terminated without cause or constructively terminated (as defined in the retention plan) during certain time periods. The HNC retention plan provides for cash payment of up to an aggregate of approximately $5.4 million to employees selected by HNC for participation in the plan. Under this plan, Sean M. Downs, HNC's Group Vice President, Insurance Transaction Processing, will receive a

payment of $250,000 if he remains employed by HNC until completion of the merger or is terminated without cause or constructively terminated before completion of the merger.

HNC Stock Options

At the effective time, each outstanding option granted by HNC to purchase shares of HNC common stock will cease to represent a right to acquire shares of HNC common stock and will constitute an option to acquire, on the same terms and conditions as applied to the HNC stock option prior to the effective time, the number, rounded down to the nearest whole number, of shares of Fair, Isaac common stock determined by multiplying:

the number of shares of HNC common stock subject to the option immediately before the effective time by

the exchange ratio.

The exercise price of each of these options will be a price per share of Fair, Isaac common stock, rounded to the nearest one-hundredth of a cent, equal to:

the per share exercise price for HNC common stock that otherwise could have been purchased under the HNC stock option divided by

the exchange ratio.

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined consolidated financial statements give effect to the proposed merger between Fair, Isaac and HNC using the purchase method of accounting for business combinations.

The information is only a summary and you should read it together with our historical financial statements and related notes contained in the annual reports and other information that we have filed with the SEC and incorporated by reference. See "Where You Can Find More Information" on page 93.

The pro forma data is based on an exchange ratio for the merger of 0.519 of a share of Fair, Isaac common stock for each share of HNC common stock. The Fair, Isaac historical and pro forma share and per share data reflect Fair, Isaac's 3-for-2 stock split on June 5, 2002. The exchange ratio will be proportionately adjusted for any further stock split, stock dividend, reorganization or similar change in HNC common stock or Fair, Isaac common stock. HNC stockholders will receive cash based on the market price of Fair, Isaac common stock in lieu of any fractional shares to which they might otherwise be entitled.

The actual number of shares of Fair, Isaac common stock to be issued in the proposed merger and the dollar value at the effective time of the merger cannot be determined until the closing date of the merger. The unaudited pro forma condensed combined consolidated financial statements were prepared based on the number of outstanding HNC common shares as of March 31, 2002.

We cannot assure you that Fair, Isaac and HNC will not incur charges in excess of those included in the pro forma total consideration related to the merger or that management will be successful in its effort to integrate the operations of the companies.

The unaudited pro forma condensed combined consolidated financial statements included in this joint proxy statement/prospectus do not include any adjustments for liabilities resulting from integration planning. Management of Fair, Isaac is in the process of assessing the costs associated with integration and estimates are not yet known.

The unaudited pro forma condensed combined consolidated balance sheet of Fair, Isaac gives effect to the proposed merger as if it occurred on March 31, 2002 and combines the unaudited historical consolidated balance sheets of Fair, Isaac and HNC as of March 31, 2002.

The unaudited pro forma condensed combined consolidated statement of operations of Fair, Isaac gives effect to the proposed merger as if the merger had been consummated on October 1, 2000. The unaudited pro forma condensed combined consolidated statement of operations of Fair, Isaac for the six month period ended March 31, 2002 combines the unaudited consolidated statements of operations of Fair, Isaac and HNC for the six month period ended March 31, 2002. The unaudited pro forma condensed combined consolidated statement of operations of Fair, Isaac for the fiscal year ended September 30, 2001 combines the audited historical consolidated statement of operations of Fair, Isaac for the fiscal year ended September 30, 2001 with the unaudited pro forma condensed consolidated statement of operations of HNC for the year ended December 31, 2001.

On August 15, 2001, HNC acquired the assets of the Blaze business unit from Brokat Technologies, Inc., which was a significant transaction to HNC. The HNC unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2001 reflects the historical results of operations of HNC for the year ended December 31, 2001, which included operations of Blaze from the acquisition date through December 31, 2001, adjusted to give effect to the Blaze acquisition as if it had occurred on January 1, 2001.

The accompanying unaudited pro forma condensed combined consolidated financial statements are presented in accordance with Article 11 of Regulation S-X. The pro forma information is not necessarily indicative of the operating results or financial position that would have occurred if the proposed merger had been consummated on October 1, 2000 or March 31, 2002, respectively, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus. The pro forma financial statements should be read in conjunction with the accompanying notes and with Fair, Isaac's and HNC's historical consolidated financial statements and related notes, incorporated by reference into this joint proxy statement/prospectus.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET

AT MARCH 31, 2002

(thousands of dollars)

	Historical				
	Fair, Isaac	HNC	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 106,100	$ 137,149	$		$ 243,249
Short-term investments	7,728	119,739			127,467
Accounts receivable, net	51,947	34,146			86,093
Unbilled work in progress	34,653	7,600			42,253
Prepaid expenses and other current assets	10,488	10,206			20,694
Deferred income taxes	7,038	19,279			26,317
Total current assets	217,954	328,119			546,073
Investments	68,016	60,678			128,694
Property and equipment, net	48,241	21,578			69,819
Goodwill, net	8,075	83,954	(83,954)	(C)	510,041
			501,966	(A)	
Intangibles, net	1,275	36,597	(36,597)	(C)	92,275
			43,000	(A)	
			39,500	(A)	
			8,500	(A)	
Deferred income taxes	5,504	40,072	(25,695)	(A)	19,881
Other assets	5,382	6,241			11,623
	$ 354,447	$ 577,239	$ 446,720		$ 1,378,406
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	$ 33,265	$ 30,099	$ 18,600	(A)	$ 86,202
			3,738	(A)	
			500	(A)	
Billings in excess of earned revenues	10,796	8,542	(6,834)	(A)	12,504

	Historical				
Total current liabilities	44,061	38,641	16,004		98,706
Long-term liabilities:					
Other liabilities	4,772	2,298			7,070
Convertible subordinated notes		150,000			150,000
Total long-term liabilities	4,772	152,298			157,070
Total liabilities	48,833	190,939	16,004		255,776
Stockholders' equity:					
Common stock	239	36	(36)	(B)	424
			185	(A)	
Paid in capital in excess of par value	126,037	531,574	(531,574)	(B)	993,785
			778,235	(A)	
			89,513	(A)	
Retained earnings (accumulated deficit)	227,550	(144,772)	144,772	(B)	188,250
			(39,300)	(A)	
Less treasury stock, at cost	(45,065)				(45,065)
Deferred compensation	(1,662)	(176)	176	(B)	(13,279)
			(11,617)	(A)	
Accumulated other comprehensive income (loss)	(1,485)	(362)	362	(B)	(1,485)
Total stockholders' equity	305,614	386,300	430,716		1,122,630
	$ 354,447	$ 577,239	$ 446,720		$ 1,378,406

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED MARCH 31, 2002

(in thousands, except per-share amounts)

	Historical			
	Fair, Isaac	HNC	Pro Forma Adjustments	Pro Forma Combined
Revenues	$ 172,111	$ 109,848	$	$ 281,959
Costs and expenses:				
Cost of revenues	77,712	44,188		121,900
Research and development	14,778	25,059		39,837
Sales, general and administrative	36,661	37,225		73,886

	Historical			
Amortization of intangibles and transaction-related costs	1,134	19,224	(19,036) (C)	7,789
			6,467 (A)	
Amortization of deferred compensation			2,171 (A)	2,171
Restructuring and impairment charges		1,221		1,221
Total costs and expenses	130,285	126,917	(10,398)	246,804
Income (loss) from operations	41,826	(17,069)	10,398	35,155
Other income (expense), net	3,823	(288)		3,535
Income (loss) before income taxes	45,649	(17,357)	10,398	38,690
Provision (benefit) for income taxes	17,917	(5,229)	3,175 (D)	15,863
Net income (loss)	$ 27,732	$ (12,128)	$ 7,223	$ 22,827
Earnings (loss) per share:				
Diluted	$ 0.77	$ (0.34)	(E)	$ 0.39
Basic	$ 0.81	$ (0.34)	(E)	$ 0.43
Shares used in computing earnings (loss) per share:				
Diluted	36,120	35,463	(E)	57,813
Basic	34,359	35,463	(E)	52,764

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS OF HNC SOFTWARE INC.

FOR THE YEAR ENDED DECEMBER 31, 2001

(in thousands, except per-share amounts)

	Historical			
	HNC	**Blaze(1)**	**Pro Forma Adjustments**	**Pro Forma Consolidated HNC**
Revenues	$ 226,670	$ 17,357	$	$ 244,027
Costs and expenses:				
Costs of revenues	87,192	8,602		95,794
Research and development	45,667	7,739		53,406
Sales, general and administrative	74,649	24,596		99,245
Transaction-related amortization and costs	56,556	552,227	(552,227) (F)	58,693
			2,137 (G)	
In-process research and development	487			487
Restructuring and impairment charges	4,642	1,393		6,035

	Historical			
Total operating expenses	269,193	594,557	(550,090)	313,660
Income (loss) from operations	(42,523)	(577,200)	550,090	(69,633)
Other income (expense), net	(201)	(35)		(236)
Income (loss) before income tax provision (benefit)	(42,724)	(577,235)	550,090	(69,869)
Income tax provision (benefit)	(6,272)		(876) (H)	(7,148)
Net income (loss)	$ (36,452)	$ (577,235)	$ 550,966	$ (62,721)
Earnings (loss) per share:				
Basic and diluted net loss per common share	$ (1.06)			$ (1.82)
Shares used in computing basic and diluted net loss per common share	34,509			34,509

(1) Blaze was acquired by HNC on August 15, 2001. These results represent revenue and expenses recognized by the predecessor owner of Blaze from January 1, 2001 through August 14, 2001 and are not reflective of actual results subsequent to HNC's acquisition of Blaze. The unaudited pro forma condensed combined consolidated statement of operations for the six months ended March 31, 2002 includes actual results for Blaze subsequent to the acquisition. These amounts reflect the effects of integrating Blaze, including associated cost-cutting measures.

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2001 (in thousands, except per-share amounts)

	Historical						
	Fair, Isaac(1)	HNC(2)	Pro Forma Adjustments	Subtotal	Historical Blaze(3)	Pro Forma Adjustments	Pro Forma Combined
Revenues	$ 329,148	$ 226,670	$	$ 555,818	$ 17,357	$	$ 573,175
Costs and expenses:							
Cost of revenues	148,559	87,192		235,751	8,602		244,353
Research and development	28,321	45,667		73,988	7,739		81,727
Sales, general and administrative	78,061	74,649		152,710	24,596		177,306
Amortization of intangibles and transaction-related costs	2,100	56,556	(56,444) (C)	15,145	552,227	(552,227) (F)	15,145
			12,933 (A)				
Amortization of deferred compensation			5,175 (A)	5,175			5,175
In-process research and development		487		487			487
		4,642		4,642	1,393		6,035

	Historical								
Restructuring and impairment charges									
Total costs and expenses	257,041	269,193	(38,336)		487,898	594,557	(552,227)		530,228
Income (loss) from operations	72,107	(42,523)	38,336		67,920	(577,200)	552,227		42,947
Other income (expense), net	4,746	(201)			4,545	(35)			4,510
Income (loss) before income taxes	76,853	(42,724)	38,336		72,465	(577,235)	552,227		47,457
Provision (benefit) for income taxes	30,741	(6,272)	5,242	(D)	29,711		(10,254)	(D)	19,457
Net income (loss)	$ 46,112	$ (36,452)	$ 33,094		$ 42,754	$ (577,235)	$ 562,481		$ 28,000
Earnings (loss) per share:									
Diluted	$ 1.33	$ (1.06)			$ 0.79			(E)	$ 0.52
Basic	$ 1.40	$ (1.06)			$ 0.84			(E)	$ 0.55
Shares used in computing earnings (loss) per share:									
Diluted	34,589	34,509			53,917			(E)	53,917
Basic	32,979	34,509			50,889			(E)	50,889

(1) For the year ended September 30, 2001.

(2) For the year ended December 31, 2001.

(3) Blaze was acquired by HNC on August 15, 2001. These results represent revenue and expenses recognized by the predecessor owner of Blaze from January 1, 2001 through August 14, 2001 and are not reflective of actual results subsequent to HNC's acquisition of Blaze. The unaudited pro forma condensed combined consolidated statement of operations for the six months ended March 31, 2002 includes actual results for Blaze subsequent to the acquisition. These amounts reflect the effects of integrating Blaze, including associated cost-cutting measures.

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Pro Forma Adjustments

The measurement date to determine the value of the proposed merger has not occurred. The pro forma adjustments are based on preliminary estimates which may change as additional information is obtained.

(A) Purchase Price Adjustments

The purchase price adjustments reflect the assumed issuance of 18,505,176 shares of Fair, Isaac common stock to HNC stockholders using an exchange ratio of 0.519, based on the outstanding shares of HNC on March 31, 2002. The fair value of the Fair, Isaac shares assumed to be issued is based on a per share value of $42.07, which is equal to Fair, Isaac's last sale price per share as reported on the New York Stock Exchange for the trading-day period two days before and after March 31, 2002, as adjusted for Fair, Isaac's 3-for-2 stock split on June 5, 2002. For purposes of determining the fair value of the options assumed, Fair, Isaac used the value of Fair, Isaac's common stock on March 31, 2002, as adjusted for Fair, Isaac's 3-for-2 stock split on June 5, 2002.

For purposes of the pro forma financial information, the following table presents the assumptions used.

Total consideration (in thousands):		
Fair value of Fair, Isaac common stock assumed to be issued	$	778,420
Estimated acquisition related costs		18,600
Employee change in control agreements		3,738
Employee severance costs		500
Estimated fair value of options to purchase Fair, Isaac common stock to be issued, less $11.6 million representing the portion of the intrinsic value of HNC's unvested options applicable to the remaining vesting period		77,896
	$	879,154

The actual number of Fair, Isaac common shares and options to be issued will be based on the actual number of HNC common shares and options outstanding at the consummation date.

The estimated acquisition-related costs consist primarily of banking, legal and accounting fees, printing and mailing costs, and other directly related charges.

Employee severance costs consist of a cash severance payment due upon the closing of the merger of $3.7 million to five HNC executives and $500,000 in cash severance payments to other employees of HNC upon the closing of the merger.

The planning process for the integration of HNC's operations may result in additional accruals for severance costs and/or facilities closures in accordance with Emerging Issues Task Force (EITF) Issue No. 95-3. Such accruals would increase the purchase consideration and the allocation of the purchase consideration to goodwill.

The following represents the preliminary allocation of the purchase price to the acquired assets and assumed liabilities of HNC. This allocation is preliminary and based on HNC's assets and liabilities as of March 31, 2002.

Purchase price allocation (in thousands):		
Net tangible assets	$	246,888
Goodwill		501,966
Other intangible assets:		
Existing Technology		43,000
Customer Relationship		39,500
Trade Name		8,500
In-process research and development		39,300
	$	879,154

Net tangible assets consist of $265.7 million recorded on the HNC historical financial statements as of March 31, 2002, adjusted principally for an increase in deferred tax liabilities of $25.7 million and the reduction in deferred revenue of $6.8 million.

Goodwill represents the excess of the purchase price over the fair value of tangible and identifiable intangible assets. The unaudited pro forma condensed combined consolidated statement of operations does not reflect the amortization of goodwill acquired in the proposed merger consistent with the guidance in the Financial Accounting Standards Board (FASB) Statement No. 142, Goodwill and Other Intangible Assets.

Amortization of other intangible assets has been provided over the following estimated useful lives: existing technology 5 years; customer relationship 15 years; trade name 5 years. This will result in annual amortization of approximately $8.6 million for existing technology, $2.6 million for customer relationship and $1.7 million for trade name.

The purchase price allocation includes a reduction in HNC's reported deferred revenue at March 31, 2002. HNC's deferred revenue relates primarily to the remaining portion of periodic licenses, maintenance and services sold to customers for which payment has been received. Under the purchase method of accounting, HNC's deferred revenue was reduced by approximately $6.8 million to the estimated fair value of the related obligations as of March 31, 2002.

The deferred revenue adjustment, which will be based on HNC's deferred revenue at the date of the merger, will have the effect of reducing the amount of revenue the combined company will recognize in periods subsequent to the merger compared to the amount of revenue HNC would have recognized in the same periods absent the merger.

The $11.6 million of deferred stock-based compensation represents the unearned portion, as of March 31, 2002, of the intrinsic value of HNC's unvested common stock options assumed in the merger. For purposes of the calculation, HNC's outstanding options that will vest solely as a result of the consummation of the proposed merger are deemed to be vested as of March 31, 2002. The deferred compensation is being amortized on a straight-line basis over the remaining vesting period of less than one to four years.

(B)
The pro forma adjustment represents the elimination of HNC's stockholders' equity accounts.

(C)
The pro forma adjustment represents the elimination of HNC's capitalized goodwill and other intangible assets aggregating $120.6 million at March 31, 2002 and related amortization expense of $56.4 million and $19.0 million for the year ended September 30, 2001 and the six month period ended March 31, 2002, respectively.

(D)
The adjustment reflects the statutory tax rate of 41%.

(E)
The following table sets forth the computation of basic and diluted earnings per share:

	Historical		
For the Six Months Ended March 31, 2002	**Fair, Isaac**	**HNC**	**Pro Forma Combined**
	(in thousands, except per share data)		
Numerator:			
Net income (loss)	$ 27,732	$ (12,128)	$ 22,827
Denominator:			
Weighted-average common shares outstanding	34,359	35,463	52,764
Effect of dilutive employee stock options outstanding	1,710	1,053	2,263
Restricted securities issued in Nykamp acquisition	51		51
Effect of dilutive Employee Stock Purchase Plan equivalents		61	32
Effect of conversion of convertible subordinated notes		5,208	2,703

	Historical		
Diluted common shares	36,120	41,785	57,813
Diluted earnings (loss) per share	$ 0.77	$ (0.34)	$ 0.39
Basic earnings (loss) per share	$ 0.81	$ (0.34)	$ 0.43

For the Year Ended September 30, 2001	Historical Fair, Isaac	Pro Forma HNC	Pro Forma Combined
	(in thousands, except per share data)		
Numerator:			
Net income (loss)	$ 46,112	$ (62,721)	$ 28,000
Denominator:			
Weighted-average common shares outstanding	32,979	34,509	50,889
Effect of dilutive employee stock options outstanding	1,610	1,799	2,044
Effect of dilutive Employee Stock Purchase Plan equivalents		61	32
Effect of conversion of convertible subordinated notes		1,835	952
Diluted common shares	34,589	38,204	53,917
Diluted earnings (loss) per share	$ 1.33	$ (1.82)	$ 0.52
Basic earnings (loss) per share	$ 1.40	$ (1.82)	$ 0.55

(F)

Reflects the elimination of Blaze's historical amortization and impairment of goodwill and intangible assets.

(G)

Reflects the amortization of identifiable intangible assets resulting from the Blaze acquisition over the estimated useful lives of two to four years, as if the acquisition had occurred on January 1, 2001.

(H)

Reflects the estimated tax benefit resulting from the amortization of the intangible assets recorded as part of the Blaze acquisition, as if it had occurred on January 1, 2001.

THE MERGER AGREEMENT

The following summary of the merger agreement is qualified by reference to the complete text of the merger agreement, which is incorporated by reference into this joint proxy statement/prospectus and attached as Annex A. We urge you to read the full text of the merger agreement.

Structure of the Merger

Under the merger agreement, a Fair, Isaac subsidiary will merge with and into HNC so that HNC survives the merger and becomes a wholly-owned subsidiary of Fair, Isaac.

Timing of Closing

We expect that the closing of the merger will occur on the day on which the last of the conditions set forth in the merger agreement has been satisfied or waived. Immediately upon the closing of the merger, we will file a certificate of merger with the Secretary of State of the State of Delaware, at which time the merger will be effective.

Merger Consideration

The merger agreement provides that each share of HNC common stock outstanding immediately prior to the effective time will, at the effective time, be converted into the right to receive 0.346 shares of Fair, Isaac common stock. This exchange ratio, however, was adjusted pursuant to the terms of the merger agreement from 0.346 to 0.519 of a share of Fair, Isaac common stock per share of HNC common stock as a result of Fair, Isaac's 3-for-2 stock split on June 5, 2002. Any shares of HNC common stock held by HNC as treasury stock or owned by Fair, Isaac or any subsidiary of Fair, Isaac or HNC will be canceled without any payment for those shares.

Treatment of HNC Stock Options

At the effective time, each outstanding option granted by HNC to purchase shares of HNC common stock will be converted into an option to acquire Fair, Isaac common stock having the same terms and conditions as the HNC stock option had before the effective time, except to the extent that some HNC stock options will have their vesting accelerate in connection with the merger. See "Interests of Certain Persons in the Merger" on page 64. The number of shares that the new Fair, Isaac option will be exercisable for and the exercise price of the new Fair, Isaac option will be adjusted in accordance with the exchange ratio in the merger.

Exchange of Shares

We will appoint an exchange agent to handle the exchange of HNC stock certificates in the merger for Fair, Isaac stock and the payment of cash for fractional shares of Fair, Isaac stock. Soon after the closing, the exchange agent will send to each holder of HNC stock a letter of transmittal for use in the exchange and instructions explaining how to surrender HNC stock certificates to the exchange agent. Holders of HNC stock who surrender their certificates to the exchange agent, together with a properly completed letter of transmittal, will receive the appropriate merger consideration. Holders of unexchanged shares of HNC stock will not be entitled to receive any dividends or other distributions payable by Fair, Isaac after the closing until their certificates are surrendered.

Fair, Isaac will not issue any fractional shares in the merger. Instead, holders of HNC common stock will receive a cash payment in the amount of the proceeds from the sale of their fractional shares of Fair, Isaac common stock in the market.

Fair, Isaac Board

Fair, Isaac has agreed to take the necessary corporate action so that, as of the closing, the Fair, Isaac board of directors will consist of each of the directors of Fair, Isaac immediately prior to the effective time of the merger and two persons selected by Fair, Isaac who are either:

- directors of HNC prior to the effective time, or

- other individuals reasonably acceptable to HNC.

Covenants

Each of Fair, Isaac and HNC has agreed to certain covenants in the merger agreement. The following summarizes the more significant of these covenants.

HNC's Covenant Not to Solicit. HNC has agreed that it and its subsidiaries and their officers and directors will not take, and that it shall use its reasonable best efforts to cause its employees, agents and representatives not to take, action to solicit or encourage an offer for an acquisition proposal involving HNC. An "acquisition proposal" is any offer or proposal relating to any transaction (other than the proposed merger with Fair, Isaac) or series of related transactions involving:

- any direct or indirect purchase from HNC or acquisition by any person or group of more than a fifteen percent interest in the total outstanding voting securities of HNC or any of its subsidiaries;

any tender offer or exchange offer that, if consummated, would result in any person or group beneficially owning fifteen percent or more of the total outstanding voting securities of HNC or any of its subsidiaries;

any merger, consolidation, business combination or similar transaction involving HNC or any of its subsidiaries;

any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than fifteen percent of the assets of HNC (including its subsidiaries taken as a whole); or

any liquidation or dissolution of HNC.

Restricted actions include engaging in discussions or negotiations with any potential bidder or furnishing non-public information to a potential bidder. However, these actions are permitted in response to an unsolicited bona fide offer so long as:

the HNC board concludes in good faith, following consultation with its outside legal counsel and financial advisor, that such offer is, or is reasonably likely to result in, a superior proposal with respect to HNC;

concurrently with taking any such action, HNC gives Fair, Isaac written notice of its intention to do so;

HNC receives from any potential bidder an executed confidentiality agreement with terms at least as restrictive to the bidder as those in the existing confidentiality agreement between Fair, Isaac and HNC;

HNC provides Fair, Isaac with copies of any nonpublic information provided to the bidder, to the extent that the information has not already been provided to Fair, Isaac; and

the HNC board concludes in good faith, after consultation with its outside legal counsel, that the restricted actions are required in order to prevent a breach of the board's fiduciary obligations under applicable law.

HNC must keep Fair, Isaac informed of the identity of any potential bidder and the material terms and status of any offer as well as provide Fair, Isaac with 48 hours prior notice (or lesser notice as it provides to its own directors) of any meeting of HNC's board of directors at which HNC's board is reasonably expected to consider an acquisition proposal.

HNC Board's Covenant to Recommend. The HNC board has agreed to recommend the approval and adoption of the merger agreement and the merger to HNC's stockholders. However, the HNC board is permitted to withhold this recommendation or to withdraw or modify it in a manner adverse to Fair, Isaac if:

HNC has received a superior proposal which has not been withdrawn;

the meeting of HNC stockholders to consider and vote on the merger agreement and the merger has not occurred;

the HNC board has concluded in good faith, after consultation with its outside legal counsel, that in light of the superior proposal, the board is required to change its recommendation to prevent a breach of its fiduciary obligations under applicable law;

HNC has given Fair, Isaac written notice which expressly states that HNC has received a superior proposal, the material terms and conditions of the superior proposal and the identity of the person making the superior proposal, and that HNC's board intends to change its recommendation of the merger;

HNC has provided Fair, Isaac with a copy of all written material and information delivered or made available to the person making the superior proposal and not previously provided to Fair, Isaac;

HNC has considered any counterproposal that Fair, Isaac may make during the five day period after Fair, Isaac's receipt of the written notice referred to above, and determined in the good faith judgment of HNC's board of directors, following consultation with its outside legal counsel and financial advisor, that such counterproposal is less favorable from a financial point of view to HNC's stockholders than the superior proposal; and

HNC has complied with its obligations described in this section and the no solicitation covenant described above under "HNC's Covenant Not to Solicit."

Even if the HNC board changes, in a manner adverse to Fair, Isaac, its recommendation in favor of the merger, HNC must still call and hold a stockholders' meeting as otherwise required by the merger agreement to vote on the approval and adoption of the merger agreement and the merger.

Fair, Isaac Board's Covenant to Recommend. The Fair, Isaac board has agreed to recommend to Fair, Isaac's stockholders the approval of the issuance of common stock in connection with the merger. Under the merger agreement, the Fair, Isaac board is not permitted to withdraw or modify this recommendation in a manner adverse to HNC.

Interim Operations of Fair, Isaac and HNC. Each of Fair, Isaac and HNC has undertaken a separate covenant that places restrictions on it and its subsidiaries until either the merger becomes effective or the merger agreement is terminated. In general, Fair, Isaac and its subsidiaries and HNC and its subsidiaries are required to conduct their business in the ordinary course substantially consistent with past practice and in a manner not representing a new strategic direction, and to use their commercially reasonable best efforts to preserve intact their business organizations and relationships with third parties. The companies have also agreed to additional specific restrictions that are subject to

exceptions described in the merger agreement. The following table summarizes the more significant of these restrictions undertaken by each company:

Restricted actions:	Fair, Isaac	HNC
Amendment of its organizational documents	X	X
Entering into any merger, liquidation or other significant transaction (except with respect to Fair, Isaac, mergers that do not require approval of its stockholders unless the record date for the stockholder vote is after the effective time of the merger)	X	X
Issuance or disposal of equity securities, options or other securities convertible into or exercisable for equity securities, with certain specific exceptions	X	X
Split, combination or reclassification of its capital stock (except with respect to Fair, Isaac, its previously announced three-for-two stock split)	X	X
Declaration or payment of dividends, except with respect to Fair, Isaac, the payment of regular quarterly cash dividends at the rate of $0.02 per share and the stock dividend in connection with its 3-for-2 stock split on June 5, 2002	X	X
Redemption or repurchase of its capital stock (except with respect to Fair, Isaac,	X	X

Restricted actions:	Fair, Isaac	HNC
repurchases under its publicly announced repurchase program)		
Amendment of the terms of any outstanding stock options		X
Capital expenditures except within budgeted amounts, subject to certain ordinary course exceptions		X
Increase in directors, officer or employee compensation or benefits, except for normal ordinary course increases consistent with past practice, or adoption of any new, or amend any existing, compensation and benefit plan		X
Acquisition of any equity interest in, or assets of, any business or any division thereof		X
Disposal of material assets, except in ordinary course consistent with past practice or pursuant to existing commitments		X
Incurrence or assumption of long- or short-term debt or issuance of debt securities, except for borrowings under existing lines of credit in the ordinary course of business, in non-material amounts		X
Assumption or guarantee of the obligations of any person, except in the ordinary course of business consistent with past practice, in non-material amounts		X
Mortgage, pledge or otherwise encumber shares of its capital stock or its assets or properties		X
Entrance into any material joint venture or partnership		X
Make or change any tax election, settle any audit or file any amended tax return, in each case, that is reasonably likely to result in a material tax liability		X
Payment, discharge or satisfaction of any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice those liabilities or obligations reflected or reserved against in its balance sheet		X

Entrance into any exclusive license or other agreement with respect to its intellectual property rights or consulting agreement other than in the ordinary course of business		X
Entrance into any agreement with any director, officer or affiliate, except for payment of compensation and grants of options otherwise permitted under the merger agreement		X
Amendment or modification of the terms of existing customer contracts to accelerate the payments due under these contracts		X
Entrance into any agreement that would prevent Fair, Isaac or any of its subsidiaries from competing in any line of business or geographic area		X
Amendment or waiver of any standstill or similar agreement		X
Change of accounting policies except for non-material changes or changes required by a change in GAAP	X	X
Any action that materially delays or materially impedes the merger	X	X

Best Efforts Covenant. Fair, Isaac and HNC have agreed to cooperate with each other and to use their reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under the merger agreement and applicable laws to consummate the merger and the other transactions contemplated by the merger agreement as soon as practicable, including taking actions necessary, proper or advisable to obtain necessary regulatory authorizations or consent. However, Fair, Isaac is not required to proffer to, or agree to, sell or hold separate and agree to sell, any material assets, businesses, or interest in any material assets or businesses of Fair, Isaac HNC or any of their affiliates, or agree to any material changes or restrictions in the operations of any such assets or businesses if such action or agreement would be reasonably likely to have a material adverse effect on the benefits expected to be derived through the merger.

Certain Employee Benefits Matters. The merger agreement provides that Fair, Isaac will cause the surviving corporation to honor in accordance with their terms all obligations under HNC's employee benefit arrangements and plans to the extent entitlements or rights exist under those arrangements or plans as of the effective time of the merger.

Fair, Isaac has also agreed, following the closing, to provide HNC employees who were employed by HNC or its subsidiaries at the closing and who continue as employees of Fair, Isaac or its subsidiaries, for so long as they remain so employed, employee benefits, pursuant to benefit plans and arrangements as provided to those employees immediately prior to the closing, or pursuant to benefit plans and arrangements maintained by Fair, Isaac.

HNC has agreed to take all actions necessary pursuant to the terms of HNC's employee stock purchase plan in order to accelerate the purchase date for any outstanding offering period under the plan so that a new purchase date for all outstanding offering periods will occur on the day prior to the effective time of the merger and shares must be purchased by the participants in the plan prior to the effective time of the merger. All outstanding offering periods under the plan will expire immediately following the accelerated purchase date described in the preceding sentence and HNC's employee stock purchase plan will be terminated immediately prior to the effective time of the merger.

Indemnification and Insurance of HNC Directors and Officers. Fair, Isaac has agreed that:

- it will indemnify, defend and hold harmless each person who, as of the effective time of the merger, is a present or former director or officer of HNC against all expenses, judgments, claims, damages or other liabilities such person may incur in that capacity due to any claim

arising on or before the effective time of the merger, to the fullest extent permitted under applicable law, HNC's certificate of incorporation and bylaws and other indemnification agreements between such individuals and HNC in effect on the date of the merger agreement; and

- it will cause HNC to use its reasonable best efforts to maintain directors' and officers' liability insurance covering each person currently covered by HNC's directors' and officers' liability insurance policy on comparable terms for a period of six years after closing of the merger, except that Fair, Isaac is not obligated to pay for more than 175% of the amount of the premium currently paid by HNC for such coverage, and it will use its reasonable best efforts to maintain the maximum amount of such insurance coverage that is available for a premium that is 175% of HNC's current annual premium.

Convertible Notes. Fair, Isaac and HNC have agreed to take all actions which are necessary so that after the effective time of the merger, the outstanding convertible notes of HNC will be convertible into Fair, Isaac common stock, taking into account adjustment for the exchange ratio, subject to any noteholder's right to hold the convertible notes through maturity. Fair, Isaac and HNC have agreed to execute and deliver to the trustee under the indenture governing the convertible notes a supplemental indenture, and Fair, Isaac has agreed either to assume or cause the surviving corporation to comply with all of the HNC's obligations under the registration rights agreement relating to the convertible notes. Fair, Isaac has agreed to file with the SEC a registration statement that registers the resale of the Fair, Isaac common stock issuable upon conversion of the convertible notes and to use its reasonable efforts to cause such registration statement to be declared effective by the SEC as soon as practicable after the effective time of the merger.

Tax Covenants. Fair, Isaac and HNC have agreed to not take or cause to be taken any action that would disqualify the merger as a tax-free reorganization. In addition, both parties have agreed that neither they, nor any of their respective affiliates, will take or cause to be taken any action that would cause any of them to be unable to make representations necessary for outside legal counsel to render a legal opinion relating to the tax consequences of the distribution by HNC of one of its subsidiaries in September 2000. The delivery of this legal opinion is a condition to Fair, Isaac's obligations to close the merger and is described in more detail under "Fair, Isaac Closing Conditions" below.

NYSE Listing and Nasdaq De-quotation. Fair, Isaac has agreed to use its best efforts to cause the shares of Fair, Isaac common stock to be issued in the merger to be approved for listing on the NYSE prior to the effective time of the merger subject to official notice of issuance. HNC has agreed to use its best efforts to cause the HNC common stock to be de-quoted from Nasdaq and de-registered under the federal securities laws as soon as practicable following the effective time.

Representations and Warranties

The merger agreement contains substantially reciprocal representations and warranties made between Fair, Isaac and HNC. The most significant of these relate to:

- corporate authorization to enter into the transactions contemplated by the merger agreement;
- the stockholder votes and governmental approvals required in connection with the contemplated transactions;
- absence of any breach of organizational documents, law or certain material agreements as a result of the contemplated transactions;
- capitalization;
- ownership of subsidiaries;

- filings with the SEC;
- financial statements;
- accuracy of information provided for inclusion in this joint proxy statement/prospectus;
- absence of material changes since a specified balance sheet date;
- absence of undisclosed material liabilities;
- ownership of intellectual property;
- litigation;
- tax matters;
- employee benefits matters;
- compliance with laws;

- finders' or advisors' fees;
- environmental matters;
- labor matters;
- inapplicability of the Delaware anti-takeover statute; and
- amendments to stockholder rights plans to render them inapplicable to the merger.

The representations and warranties in the merger agreement do not survive the closing or termination of the merger agreement.

Conditions to the Completion of the Merger