

FAIR ISAAC CORP
Form DEF 14A
January 11, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule Pursuant to § 240.14a-12

FAIR ISAAC CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

- 5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- 1) Amount previously paid:

- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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FAIR ISAAC CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD FEBRUARY 15, 2017,

AND PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the 2017 Annual Meeting of the Stockholders of Fair Isaac Corporation (Annual Meeting) will be held at the time and place and for the purposes indicated below.

TIME 9:30 A.M., local time, on February 15, 2017

PLACE Offices of Fair Isaac Corporation:
181 Metro Drive, Suite 600

San Jose, California 95110

- ITEMS OF BUSINESS**
1. To elect nine directors to serve until the 2018 Annual Meeting and thereafter until their successors are elected and qualified;
 2. To approve the amendment to the 2012 Long-Term Incentive Plan;
 3. To approve the advisory (non-binding) resolution relating to the named executive officer compensation as disclosed in this proxy statement;
 4. To approve the advisory (non-binding) vote on the desired frequency of the advisory (non-binding) vote to approve our named executive officer compensation practices;
 5. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2017; and
 - 6.

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To transact such other business as may properly come before the meeting or any adjournment thereof.

All of the above matters are more fully described in the accompanying proxy statement.

RECORD DATE

You can vote if you were a stockholder of record at the close of business on December 19, 2016. A complete list of stockholders entitled to vote at the Annual Meeting shall be open to the examination of any stockholder, for any purpose germane to the Annual Meeting, during ordinary business hours for at least ten days prior to the Annual Meeting at our offices at 181 Metro Drive, Suite 700, San Jose, California 95110.

ANNUAL REPORT

Our 2016 Annual Report on Form 10-K accompanies this proxy statement.

VOTING

Your Vote Is Important. We invite all stockholders to attend the meeting in person. However, to assure your representation at the meeting, you are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose or follow the Internet or telephone voting instructions on the proxy card. Any registered stockholder attending the meeting may vote in person even if he or she returned a proxy card.

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ADMITTANCE TO MEETING

Admittance to the Annual Meeting will be limited to stockholders. If you are a stockholder of record and plan to attend, please detach the admission ticket from your proxy card and bring it with you to the Annual Meeting. Stockholders who arrive at the Annual Meeting without an admission ticket will be required to present identification matching the corresponding stockholder account name at the registration table located outside the meeting room. If you are a stockholder whose shares are held by a bank, broker or other nominee, you will be asked to certify to such ownership at the registration table prior to the Annual Meeting.

Mark R. Scadina

Executive Vice President, General Counsel and Secretary

January 11, 2017

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you are advised to read the entire proxy statement carefully before voting.

2017 Annual Meeting of Stockholders

Date and Time: 9:30 A.M., local time, on February 15, 2017
Place: Fair Isaac Corporation's offices located at 181 Metro Drive, Suite 600, San Jose, California 95110
Record Date: December 19, 2016

Voting Methods

- By Internet** Use the Internet to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. The availability of Internet voting for beneficial owners will depend on the voting processes of your broker, bank or nominee. We recommend that you follow the voting instructions in the materials you receive.
www.proxyvote.com
- By telephone** Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. The availability of telephone voting for beneficial owners will depend on the voting processes of your broker, bank or nominee. We recommend that you follow the voting instructions in the materials you receive.
1-800-690-6903
- By mail** Be sure to complete, sign and date the card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card without indicating your voting preferences, the persons named in the proxy card will vote FOR the election of directors, FOR the approval of the amendment to the 2012 Long-Term Incentive Plan, FOR the approval of the advisory (non-binding) resolution relating to the named executive officer compensation as disclosed in this proxy statement, in favor of holding the advisory (non-binding) vote to approve our named executive officer compensation practices every ONE YEAR, and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2017.
- In person at the Annual Meeting** All stockholders may vote in person at the Annual Meeting. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspector of election with your ballot when you vote at the meeting.

Table of Contents**Voting Matters**

Stockholders are being asked to vote on the following matters at the 2017 Annual Meeting of Stockholders. Please see the corresponding page numbers for additional information regarding each proposal.

Proposals	Vote Required	Board Recommendation	Page Number for Additional Information
1. Election of Directors	Majority	FOR	8
2. Approval of the Amendment to 2012 Long-Term Incentive Plan	Majority	FOR	14
3. Advisory Vote to Approve Executive Compensation	Majority	FOR	24
4. Advisory Vote to Approve the Frequency of the Advisory Vote to Approve Executive Compensation Practices	Plurality	ONE YEAR	25
5. Ratification of Independent Registered Public Accounting Firm	Majority	FOR	26

Our Director Nominees

Name	Age	Years as Director	Principal Occupation	Independent	Committee Memberships AC ⁽¹⁾ GNEC ⁽²⁾ LDCC ⁽³⁾	Other Current Public Boards
Braden R. Kelly	46	4	Partner of Health Evolution Partners	Yes		
A. George Battle	73	20	Former Chief Executive Officer and Chairman of Ask Jeeves, Incorporated	Yes		3
Mark W. Begor	58	<1	Managing Partner at Warburg Pincus	Yes		
Greg R. Gianforte	55	4	Managing Director of Bozeman Technology Incubator	Yes		
James D. Kirsner	73	10	Former Chief Financial Officer and head of Barra Ventures at Barra, Inc.	Yes		
William J. Lansing	58	11	Chief Executive Officer of Fair Isaac Corporation	No		
Marc F. McMorris	48	1	Managing Director and Co-Founder of Carrick Capital Partners, LLC	Yes		
Joanna Rees	55	2	Managing Partner at West	Yes		1
David A. Rey	66	6	Former Executive Vice President and Chief Client Relationship Officer of UnitedHealth Group	Yes		

⁽¹⁾ AC = Audit Committee

⁽²⁾ GNEC = Governance, Nominating and Executive Committee

⁽³⁾ LDCC = Leadership Development and Compensation Committee
= Member = Chair

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Current Size of Board	9
Current Number of Independent Directors	8
Board Committees Consist Entirely of Independent Directors	Yes
All Directors Attended at least 75% of Meetings Held	Yes
Annual Election of All Directors	Yes
Majority Voting for Directors	Yes
Plurality Carveout for Contested Elections	Yes
Director Resignation Policy	Yes
Separate Chairman and CEO	Yes
Chairman is Independent Director	Yes
Independent Directors Meet Regularly in Executive Session	Yes
Annual Board and Committee Self-Evaluations	Yes
Risk Oversight by Full Board and Committees	Yes
Annual Advisory Vote on Executive Compensation	Yes
Prohibit Hedging and Short Sales of FICO Securities	Yes
Stock Ownership Requirements for Directors and Executive Officers	Yes
Executive Compensation Recovery Policy	Yes

Stockholder Rights Summary

Controlled Company	No
Classified Board	No
Vote Standard for Mergers/Acquisitions	Majority
Vote Standard for Charter or Bylaw Amendment	66.67%
Stockholder Ability to Call Special Meetings	No
Stockholder Ability to Act by Written Consent	Yes
Cumulative Voting	No
Board Ability to Issue Blank-Check Preferred Stock	Yes
Poison Pill	No

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Our Compensation Facts

As administered by our Leadership Development and Compensation Committee (the Committee), our compensation program seeks to closely link the financial interests of our Company's executives with those of our stockholders. In making compensation decisions at the outset of fiscal 2016 and throughout the year, the Committee sought to reinforce the linkage between Company performance and executive compensation. In keeping with this objective, base salaries for executive officers in fiscal 2016 remained flat, with a continued emphasis on long-term incentives and performance-based cash incentives and equity.

The Committee uses the following guidelines in our compensation program to help achieve this overarching goal.

What We Do:

We closely link performance-based rewards with the achievement of performance goals.

We cap payouts under our plans to discourage excessive or inappropriate risk taking by our executives.

Two-thirds of our long-term incentives are performance-based.

We emphasize long-term incentives to align executives interests with those of our stockholders.

We have double-trigger change in control provisions.

We have stock ownership guidelines that encourage ownership and further align our executives' interests with those of our stockholders.

We have a representative and relevant peer group.

Our Committee retains an independent compensation consultant.

We hold an annual advisory vote on executive compensation.

We seek feedback on executive compensation through stockholder engagement.

We have adopted a compensation recovery, or clawback, policy pertaining to both cash and equity incentive-based compensation.

We have a mandatory minimum vesting period of one year for equity awards.

We limit the aggregate fair value of equity awards granted in any calendar year.

We cap payouts under our severance policies.

What We Do Not Do:

Our compensation plans do not have minimum guaranteed payout levels.

We do not permit hedging or short sales of our stock.

We do not permit repricing of underwater stock options without stockholder approval.

We do not provide tax gross-ups for our executives (other than with respect to relocation benefits and required spousal travel).

We do not provide material perquisites.

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2016 Elements of Compensation

Element	Purpose and Philosophy
Base Salary	<p>Base salary provides executive officers with financial stability and predictable cash flow.</p> <p>Individual base salaries are determined by evaluating the executive's role within the Company, experience, performance, and potential for development, as well as base salaries of comparable roles within peer group companies and the broader marketplace.</p>
Short-Term Cash Incentives	<p>This element rewards the achievement of annual Company and individual performance goals.</p> <p>Cash incentives are expressed as a targeted percentage of base salary determined with reference to the peer group companies and the broader marketplace.</p>
Long-Term Incentives	<p>Participant may earn between zero and 250% of target, depending both upon Company and individual performance.</p> <p>Long-term incentives directly link a significant portion of total executive officer compensation to the market value of Company stock, while promoting retention through multi-year vesting.</p> <p>Performance Share Units (PSUs) are earned based upon the extent to which annual Company financial targets are achieved with as few as zero and as many as 200% of targeted PSUs possible. Earned units are then subject to multi-year vesting, promoting continued linkage to Company stock price while also promoting retention.</p> <p>Market Share Units (MSUs) use a performance measure that is based on relative total stockholder return over one-, two- and three-year periods instead of annual financial performance metrics to integrate a longer, multi-year performance period into the Company's equity compensation program.</p>