

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
December 31, 2012 and September 30, 2012
(In thousands)
(Unaudited)

	<u>December 31,</u> <u>2012</u>	<u>September 30,</u> <u>2012</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 90,839	\$ 71,609
Marketable securities	-	22,008
Accounts receivable, net	138,159	142,595
Prepaid expenses and other current assets	<u>22,376</u>	<u>23,113</u>
Total current assets	<u>251,374</u>	<u>259,325</u>
Marketable securities and investments	16,529	16,500
Property and equipment, net	45,788	41,080
Goodwill and intangible assets, net	835,263	809,803
Other assets	<u>27,160</u>	<u>31,903</u>
	<u>\$ 1,176,114</u>	<u>\$ 1,158,611</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 62,378	\$ 62,603
Accrued compensation and employee benefits	30,170	50,043
Deferred revenue	47,455	47,959
Current maturities on long-term debt	<u>49,000</u>	<u>49,000</u>
Total current liabilities	<u>189,003</u>	<u>209,605</u>
Senior notes	455,000	455,000
Other liabilities	<u>23,383</u>	<u>19,600</u>
Total liabilities	<u>667,386</u>	<u>684,205</u>
Stockholders' equity	<u>508,728</u>	<u>474,406</u>
	<u>\$ 1,176,114</u>	<u>\$ 1,158,611</u>

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters Ended December 31, 2012 and 2011
(In thousands, except per share data)
(Unaudited)

	Quarter Ended December 31,	
	2012	2011
Revenues:		
Transactional and maintenance	129,898	114,183
Professional services	32,337	28,693
License	27,785	27,473
Total revenues	190,020	170,349
Operating expenses:		
Cost of revenues	56,148	45,974
Research & development	14,552	13,049
Selling, general and administrative	69,665	57,324
Amortization of intangible assets	3,372	1,930
Restructuring and acquisition-related	3,289	-
	147,026	118,277
Operating income	42,994	52,072
Other expense, net	(7,951)	(8,447)
Income from operations before income taxes	35,043	43,625
Provision for income taxes	11,622	13,628
Net income	23,421	29,997
Basic earnings per share:	0.67	0.83
Diluted earnings per share:	0.65	0.81
Shares used in computing earnings per share:		
Basic	35,043	36,034
Diluted	36,151	36,887

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Quarters Ended December 31, 2012 and 2011
(In thousands)
(Unaudited)

	Quarter Ended	
	December 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 23,421	\$ 29,997
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,973	5,528
Share-based compensation	5,832	4,757
Changes in operating assets and liabilities	(5,492)	670
Other, net	(3,005)	197
Net cash provided by operating activities	<u>28,729</u>	<u>41,149</u>
Cash flows from investing activities:		
Purchases of property and equipment	(9,012)	(7,757)
Net activity from marketable securities	22,000	49,473
Cash paid for acquisitions, net of cash acquired	(27,605)	-
Other, net	50	-
Net cash provided by (used in) investing activities	<u>(14,567)</u>	<u>41,716</u>
Cash flows from financing activities:		
Proceeds from issuances of common stock	6,189	15,023
Repurchases of common stock	-	(57,685)
Other, net	(695)	954
Net cash provided by (used in) financing activities	<u>5,494</u>	<u>(41,708)</u>
Effect of exchange rate changes on cash	<u>(426)</u>	<u>(1,534)</u>
Increase in cash and cash equivalents	19,230	39,623
Cash and cash equivalents, beginning of period	71,609	135,752
Cash and cash equivalents, end of period	<u>\$ 90,839</u>	<u>\$ 175,375</u>

FAIR ISAAC CORPORATION
REVENUE BY SEGMENT
For the Quarters Ended December 31, 2012 and 2011
(In thousands)
(Unaudited)

	Quarter Ended December 31,	
	2012	2011
Applications revenues:		
Transactional and maintenance	\$ 79,625	\$ 64,272
Professional services	26,159	24,327
License	18,923	21,617
Total applications revenues	<u>\$ 124,707</u>	<u>\$ 110,216</u>
Scores revenues:		
Transactional and maintenance	\$ 42,437	\$ 42,197
Professional services	903	288
License	107	57
Total scores revenues	<u>\$ 43,447</u>	<u>\$ 42,542</u>
Tools revenues:		
Transactional and maintenance	\$ 7,836	\$ 7,714
Professional services	5,275	4,078
License	8,755	5,799
Total tools revenues	<u>\$ 21,866</u>	<u>\$ 17,591</u>
Total revenues:		
Transactional and maintenance	\$ 129,898	\$ 114,183
Professional services	32,337	28,693
License	27,785	27,473
Total revenues	<u>\$ 190,020</u>	<u>\$ 170,349</u>

FAIR ISAAC CORPORATION
NON-GAAP RESULTS
For the Quarters Ended December 31, 2012 and 2011
(In thousands, except per share data)
(Unaudited)

	Quarter Ended December 31,	
	2012	2011
GAAP net income	\$ 23,421	\$ 29,997
Amortization of intangible assets (net of tax)	2,265	1,308
Restructuring and acquisition-related (net of tax)	2,209	-
Stock-based compensation expense (net of tax)	3,917	3,224
Non-GAAP net income	<u>\$ 31,812</u>	<u>\$ 34,529</u>
GAAP diluted earnings per share	\$ 0.65	\$ 0.81
Amortization of intangible assets (net of tax)	0.06	0.04
Restructuring and acquisition-related (net of tax)	0.06	-
Stock-based compensation expense (net of tax)	0.11	0.09
Non-GAAP diluted earnings per share	<u>\$ 0.88</u>	<u>\$ 0.94</u>
Free cash flow		
Net cash provided by operating activities	\$ 28,729	\$ 41,149
Capital expenditures	(9,012)	(7,757)
Dividends paid	(702)	(717)
Free cash flow	<u>\$ 19,015</u>	<u>\$ 32,675</u>

About Non-GAAP Financial Measures

To supplement the consolidated GAAP financial statements, the company uses the following non-GAAP financial measures: non-GAAP net income, non-GAAP EPS, and free cash flow. Non-GAAP net income and non-GAAP EPS exclude the impact of amortization expense, share-based compensation expense, and restructuring and acquisition-related items. Free cash flow excludes capital expenditures and dividends paid. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Management uses these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of recurring business results including significant non-cash expenses. We believe management and investors benefit from referring to these non-GAAP financial measures in assessing our performance when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to historical performance and liquidity as well as comparisons to our competitors' operating results. We believe these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key measures used by management in its financial and operating decision-making.