

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	<u>September 30,</u> <u>2013</u>	<u>September 30,</u> <u>2012</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 83,178	\$ 71,609
Marketable securities	-	22,008
Accounts receivable, net	143,733	142,595
Prepaid expenses and other current assets	<u>22,277</u>	<u>23,113</u>
Total current assets	<u>249,188</u>	<u>259,325</u>
Marketable securities and investments	18,140	16,500
Property and equipment, net	45,155	41,080
Goodwill and intangible assets, net	831,292	809,803
Other assets	<u>17,772</u>	<u>31,903</u>
	<u>\$ 1,161,547</u>	<u>\$ 1,158,611</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 54,418	\$ 62,603
Accrued compensation and employee benefits	39,281	50,043
Deferred revenue	49,181	47,959
Current maturities on long-term debt	<u>23,000</u>	<u>49,000</u>
Total current liabilities	<u>165,880</u>	<u>209,605</u>
Senior notes	447,000	455,000
Other liabilities	<u>17,990</u>	<u>19,600</u>
Total liabilities	<u>630,870</u>	<u>684,205</u>
Stockholders' equity	<u>530,677</u>	<u>474,406</u>
	<u>\$ 1,161,547</u>	<u>\$ 1,158,611</u>

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Quarter Ended September 30,		Year Ended September 30,	
	2013	2012	2013	2012
Revenues:				
Transactional and maintenance	\$ 128,545	\$ 123,441	\$ 514,304	\$ 466,175
Professional services	36,442	33,824	135,194	124,971
License	25,340	28,810	93,946	85,277
Total revenues	<u>190,327</u>	<u>186,075</u>	<u>743,444</u>	<u>676,423</u>
Operating expenses:				
Cost of revenues	56,809	55,327	229,468	197,947
Research & development	17,824	17,602	66,967	59,527
Selling, general and administrative	62,427	65,040	268,395	238,522
Amortization of intangible assets	3,082	2,059	13,535	6,944
Restructuring and acquisition-related	-	5,125	3,486	5,125
	<u>140,142</u>	<u>145,153</u>	<u>581,851</u>	<u>508,065</u>
Operating income	50,185	40,922	161,593	168,358
Other expense, net	<u>(7,252)</u>	<u>(8,242)</u>	<u>(29,609)</u>	<u>(32,115)</u>
Income from operations before income taxes	42,933	32,680	131,984	136,243
Provision for income taxes	14,376	11,434	41,889	44,239
Net income	<u>\$ 28,557</u>	<u>\$ 21,246</u>	<u>\$ 90,095</u>	<u>\$ 92,004</u>
Basic earnings per share:	<u>\$ 0.81</u>	<u>\$ 0.62</u>	<u>\$ 2.55</u>	<u>\$ 2.64</u>
Diluted earnings per share:	<u>\$ 0.79</u>	<u>\$ 0.60</u>	<u>\$ 2.48</u>	<u>\$ 2.55</u>
Shares used in computing earnings per share:				
Basic	<u>35,132</u>	<u>34,262</u>	<u>35,332</u>	<u>34,909</u>
Diluted	<u>36,151</u>	<u>35,513</u>	<u>36,292</u>	<u>36,063</u>

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Year Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 90,095	\$ 92,004
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,214	21,549
Share-based compensation	25,850	21,229
Changes in operating assets and liabilities	(13,921)	3,923
Other, net	882	(8,959)
Net cash provided by operating activities	<u>136,120</u>	<u>129,746</u>
Cash flows from investing activities:		
Purchases of property and equipment	(24,147)	(25,483)
Net activity from marketable securities	22,000	83,592
Cash paid for acquisitions, net of cash acquired	(32,874)	(123,631)
Other, net	50	(148)
Net cash used in investing activities	<u>(34,971)</u>	<u>(65,670)</u>
Cash flows from financing activities:		
Proceeds from revolving line of credit	30,000	-
Payments on revolving line of credit and other short-term loans	(18,676)	(5,466)
Payment on Senior Notes	(49,000)	(8,000)
Proceeds from issuances of common stock	30,256	70,793
Repurchases of common stock	(82,752)	(191,056)
Other, net	3,538	5,276
Net cash used in financing activities	<u>(86,634)</u>	<u>(128,453)</u>
Effect of exchange rate changes on cash	<u>(2,946)</u>	<u>234</u>
Increase (decrease) in cash and cash equivalents	11,569	(64,143)
Cash and cash equivalents, beginning of period	71,609	135,752
Cash and cash equivalents, end of period	<u>\$ 83,178</u>	<u>\$ 71,609</u>

FAIR ISAAC CORPORATION
REVENUE BY SEGMENT
(In thousands)
(Unaudited)

	Quarter Ended September 30,		Year Ended September 30,	
	2013	2012	2013	2012
Applications revenues:				
Transactional and maintenance	\$ 75,564	\$ 71,202	\$ 306,738	\$ 263,726
Professional services	30,377	27,445	110,081	104,637
License	13,238	21,285	59,265	56,241
Total applications revenues	<u>\$ 119,179</u>	<u>\$ 119,932</u>	<u>\$ 476,084</u>	<u>\$ 424,604</u>
Scores revenues:				
Transactional and maintenance	\$ 44,723	\$ 44,991	\$ 175,281	\$ 172,218
Professional services	679	1,073	4,012	2,382
License	750	672	1,520	1,023
Total scores revenues	<u>\$ 46,152</u>	<u>\$ 46,736</u>	<u>\$ 180,813</u>	<u>\$ 175,623</u>
Tools revenues:				
Transactional and maintenance	\$ 8,258	\$ 7,248	\$ 32,285	\$ 30,231
Professional services	5,386	5,306	21,101	17,952
License	11,352	6,853	33,161	28,013
Total tools revenues	<u>\$ 24,996</u>	<u>\$ 19,407</u>	<u>\$ 86,547</u>	<u>\$ 76,196</u>
Total revenues:				
Transactional and maintenance	\$ 128,545	\$ 123,441	\$ 514,304	\$ 466,175
Professional services	36,442	33,824	135,194	124,971
License	25,340	28,810	93,946	85,277
Total revenues	<u>\$ 190,327</u>	<u>\$ 186,075</u>	<u>\$ 743,444</u>	<u>\$ 676,423</u>

FAIR ISAAC CORPORATION
NON-GAAP RESULTS
(In thousands, except per share data)
(Unaudited)

	Quarter Ended September 30,		Year Ended September 30,	
	2013	2012	2013	2012
GAAP net income	\$ 28,557	\$ 21,246	\$ 90,095	\$ 92,004
Amortization of intangible assets (net of tax)	2,076	1,344	9,221	4,608
Restructuring and acquisition-related (net of tax)	-	3,345	2,346	3,345
Stock-based compensation expense (net of tax)	4,684	3,762	17,605	14,074
Adjustment to tax valuation allowance	-	-	2,474	-
Non-GAAP net income	<u>\$ 35,317</u>	<u>\$ 29,697</u>	<u>\$ 121,741</u>	<u>\$ 114,031</u>
GAAP diluted earnings per share	\$ 0.79	\$ 0.60	\$ 2.48	\$ 2.55
Amortization of intangible assets (net of tax)	0.06	0.04	0.25	0.13
Restructuring and acquisition-related (net of tax)	-	0.09	0.06	0.09
Stock-based compensation expense (net of tax)	0.13	0.11	0.49	0.39
Adjustment to tax valuation allowance	-	-	0.07	-
Non-GAAP diluted earnings per share	<u>\$ 0.98</u>	<u>\$ 0.84</u>	<u>\$ 3.35</u>	<u>\$ 3.16</u>
Free cash flow				
Net cash provided by operating activities	\$ 35,943	\$ 23,338	\$ 136,120	\$ 129,746
Capital expenditures	(3,712)	(5,867)	(24,146)	(25,483)
Dividends paid	(701)	(692)	(2,824)	(2,804)
Free cash flow	<u>\$ 31,530</u>	<u>\$ 16,779</u>	<u>\$ 109,150</u>	<u>\$ 101,459</u>

Hide below:

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, restructuring and acquisition-related, and adjustment to tax valuation allowance 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.