

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

	<u>March 31,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 85,374	\$ 86,120
Accounts receivable, net	155,207	158,773
Prepaid expenses and other current assets	36,005	41,709
Total current assets	<u>276,586</u>	<u>286,602</u>
Marketable securities and investments	21,309	20,525
Property and equipment, net	38,589	38,208
Goodwill and intangible assets, net	847,872	862,071
Other assets	30,585	22,757
	<u>\$ 1,214,941</u>	<u>\$ 1,230,163</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 47,328	\$ 50,810
Accrued compensation and employee benefits	44,429	54,368
Deferred revenue	54,574	46,697
Current maturities on debt	95,000	92,000
Total current liabilities	<u>241,331</u>	<u>243,875</u>
Long-term debt	516,000	516,000
Other liabilities	32,230	33,290
Total liabilities	<u>789,561</u>	<u>793,165</u>
Stockholders' equity	425,380	436,998
	<u>\$ 1,214,941</u>	<u>\$ 1,230,163</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Revenues:				
Transactional and maintenance	\$ 150,743	\$ 138,683	\$ 297,815	\$ 270,093
Professional services	39,342	37,946	73,494	73,144
License	16,593	30,480	35,445	53,422
Total revenues	<u>206,678</u>	<u>207,109</u>	<u>406,754</u>	<u>396,659</u>
Operating expenses:				
Cost of revenues	62,298	70,991	124,491	137,291
Research & development	24,848	24,341	49,479	46,978
Selling, general and administrative	77,501	73,863	156,339	146,664
Amortization of intangible assets	3,507	3,515	7,087	6,447
	<u>168,154</u>	<u>172,710</u>	<u>337,396</u>	<u>337,380</u>
Operating income	38,524	34,399	69,358	59,279
Other expense, net	(6,380)	(8,366)	(13,438)	(14,922)
Income before income taxes	32,144	26,033	55,920	44,357
Provision for income taxes	9,028	7,163	13,563	11,080
Net income	<u>\$ 23,116</u>	<u>\$ 18,870</u>	<u>\$ 42,357</u>	<u>\$ 33,277</u>
Basic earnings per share:	<u>\$ 0.74</u>	<u>\$ 0.60</u>	<u>\$ 1.36</u>	<u>\$ 1.05</u>
Diluted earnings per share:	<u>\$ 0.72</u>	<u>\$ 0.58</u>	<u>\$ 1.31</u>	<u>\$ 1.01</u>
Shares used in computing earnings per share:				
Basic	<u>31,268</u>	<u>31,335</u>	<u>31,226</u>	<u>31,639</u>
Diluted	<u>32,262</u>	<u>32,448</u>	<u>32,349</u>	<u>32,791</u>

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

	Six Months Ended	
	March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 42,357	\$ 33,277
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,168	17,047
Share-based compensation	28,300	20,596
Changes in operating assets and liabilities	(5,813)	(30,793)
Other, net	(1,686)	3,155
Net cash provided by operating activities	78,326	43,282
Cash flows from investing activities:		
Purchases of property and equipment	(7,807)	(10,251)
Cash paid for acquisitions, net of cash acquired	-	(56,621)
Other, net	-	75
Net cash used in investing activities	(7,807)	(66,797)
Cash flows from financing activities:		
Proceeds from revolving line of credit	44,000	152,000
Payments on revolving line of credit	(41,000)	(40,000)
Proceeds from issuances of common stock	6,757	11,853
Taxes paid related to net share settlement of equity awards	(25,881)	(15,992)
Repurchases of common stock	(68,390)	(100,713)
Other, net	12,763	7,356
Net cash provided by (used in) financing activities	(71,751)	14,504
Effect of exchange rate changes on cash	486	(9,223)
Decrease in cash and cash equivalents	(746)	(18,234)
Cash and cash equivalents, beginning of period	86,120	105,075
Cash and cash equivalents, end of period	\$ 85,374	\$ 86,841

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Applications revenues:				
Transactional and maintenance	\$ 80,751	\$ 80,315	\$ 161,734	\$ 158,866
Professional services	31,719	30,992	58,845	59,491
License	9,447	23,081	21,479	31,529
Total applications revenues	<u>\$ 121,917</u>	<u>\$ 134,388</u>	<u>\$ 242,058</u>	<u>\$ 249,886</u>
Scores revenues:				
Transactional and maintenance	\$ 59,265	\$ 47,814	\$ 114,482	\$ 90,751
Professional services	1,112	966	1,860	1,754
License	739	1,157	776	1,373
Total scores revenues	<u>\$ 61,116</u>	<u>\$ 49,937</u>	<u>\$ 117,118</u>	<u>\$ 93,878</u>
Tools revenues:				
Transactional and maintenance	\$ 10,727	\$ 10,554	\$ 21,599	\$ 20,476
Professional services	6,511	5,988	12,789	11,899
License	6,407	6,242	13,190	20,520
Total tools revenues	<u>\$ 23,645</u>	<u>\$ 22,784</u>	<u>\$ 47,578</u>	<u>\$ 52,895</u>
Total revenues:				
Transactional and maintenance	\$ 150,743	\$ 138,683	\$ 297,815	\$ 270,093
Professional services	39,342	37,946	73,494	73,144
License	16,593	30,480	35,445	53,422
Total revenues	<u>\$ 206,678</u>	<u>\$ 207,109</u>	<u>\$ 406,754</u>	<u>\$ 396,659</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
GAAP net income	\$ 23,116	\$ 18,870	\$ 42,357	\$ 33,277
Amortization of intangible assets (net of tax)	2,463	2,478	4,983	4,528
Stock-based compensation expense (net of tax)	9,550	8,320	19,896	14,469
Non-GAAP net income	<u>\$ 35,129</u>	<u>\$ 29,668</u>	<u>\$ 67,236</u>	<u>\$ 52,274</u>
GAAP diluted earnings per share	\$ 0.72	\$ 0.58	\$ 1.31	\$ 1.01
Amortization of intangible assets (net of tax)	0.08	0.08	0.15	0.14
Stock-based compensation expense (net of tax)	0.30	0.26	0.62	0.44
Non-GAAP diluted earnings per share	<u>\$ 1.09</u>	<u>\$ 0.91</u>	<u>\$ 2.08</u>	<u>\$ 1.59</u>
Free cash flow				
Net cash provided by operating activities	\$ 37,776	\$ 41,922	\$ 78,326	\$ 43,282
Capital expenditures	(3,513)	(4,584)	(7,807)	(10,251)
Dividends paid	(623)	(626)	(1,245)	(1,261)
Free cash flow	<u>\$ 33,640</u>	<u>\$ 36,712</u>	<u>\$ 69,274</u>	<u>\$ 31,770</u>

Note: The numbers may not sum to total due to rounding.

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

FAIR ISAAC CORPORATION
RECONCILIATION OF NON-GAAP GUIDANCE
(In millions, except per share data)
(Unaudited)

	<u>Low</u>	<u>High</u>
GAAP net income	\$ 94	\$ 98
Amortization of intangible assets (net of tax)	10	10
Stock-based compensation expense (net of tax)	40	40
Non-GAAP net income	<u>\$ 144</u>	<u>\$ 148</u>
GAAP diluted earnings per share	\$ 2.89	\$ 3.02
Amortization of intangible assets (net of tax)	0.31	0.31
Stock-based compensation expense (net of tax)	1.23	1.23
Non-GAAP diluted earnings per share	<u>\$ 4.43</u>	<u>\$ 4.55</u>

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