

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

| | <u>September 30,</u> <u>2016</u> | <u>September 30,</u> <u>2015</u> |
|--|-------------------------------------|-------------------------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 75,926 | \$ 86,120 |
| Accounts receivable, net | 167,786 | 158,773 |
| Prepaid expenses and other current assets | <u>23,926</u> | <u>41,709</u> |
| Total current assets | <u>267,638</u> | <u>286,602</u> |
| Marketable securities and investments | 21,936 | 20,525 |
| Property and equipment, net | 45,122 | 38,208 |
| Goodwill and intangible assets, net | 832,034 | 862,071 |
| Other assets | <u>54,322</u> | <u>22,757</u> |
| | <u>\$ 1,221,052</u> | <u>\$ 1,230,163</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable and other accrued liabilities | \$ 50,732 | \$ 50,810 |
| Accrued compensation and employee benefits | 71,216 | 54,368 |
| Deferred revenue | 47,129 | 46,697 |
| Current maturities on debt | <u>77,000</u> | <u>92,000</u> |
| Total current liabilities | <u>246,077</u> | <u>243,875</u> |
| Long-term debt | 494,000 | 516,000 |
| Other liabilities | <u>34,147</u> | <u>33,290</u> |
| Total liabilities | <u>774,224</u> | <u>793,165</u> |
| Stockholders' equity | <u>446,828</u> | <u>436,998</u> |
| | <u>\$ 1,221,052</u> | <u>\$ 1,230,163</u> |

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

| | Quarter Ended September 30, | | Year Ended September 30, | |
|--|--------------------------------|------------------|-----------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | |
| Transactional and maintenance | \$ 154,218 | \$ 149,444 | \$ 605,919 | \$ 564,232 |
| Professional services | 51,940 | 40,631 | 169,738 | 151,773 |
| License | 29,666 | 42,681 | 105,699 | 122,776 |
| Total revenues | <u>235,824</u> | <u>232,756</u> | <u>881,356</u> | <u>838,781</u> |
| Operating expenses: | | | | |
| Cost of revenues | 74,298 | 67,042 | 265,173 | 270,535 |
| Research & development | 27,773 | 26,236 | 103,669 | 98,824 |
| Selling, general and administrative | 85,429 | 78,693 | 328,940 | 300,002 |
| Amortization of intangible assets | 3,409 | 3,627 | 13,982 | 13,673 |
| Restructuring and acquisition-related | - | 15,986 | - | 18,242 |
| Total operating expenses | <u>190,909</u> | <u>191,584</u> | <u>711,764</u> | <u>701,276</u> |
| Operating income | 44,915 | 41,172 | 169,592 | 137,505 |
| Other expense, net | <u>(6,556)</u> | <u>(6,755)</u> | <u>(25,023)</u> | <u>(28,267)</u> |
| Income before income taxes | 38,359 | 34,417 | 144,569 | 109,238 |
| Provision for income taxes | 6,255 | 1,098 | 35,121 | 22,736 |
| Net income | <u>\$ 32,104</u> | <u>\$ 33,319</u> | <u>\$ 109,448</u> | <u>\$ 86,502</u> |
| Basic earnings per share: | <u>\$ 1.04</u> | <u>\$ 1.07</u> | <u>\$ 3.52</u> | <u>\$ 2.75</u> |
| Diluted earnings per share: | <u>\$ 1.00</u> | <u>\$ 1.03</u> | <u>\$ 3.39</u> | <u>\$ 2.65</u> |
| Shares used in computing earnings per share: | | | | |
| Basic | <u>30,916</u> | <u>31,214</u> | <u>31,129</u> | <u>31,402</u> |
| Diluted | <u>32,221</u> | <u>32,494</u> | <u>32,308</u> | <u>32,609</u> |

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

| | Year Ended September 30, | |
|---|-----------------------------|------------------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income | \$ 109,448 | \$ 86,502 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 31,633 | 33,889 |
| Share-based compensation | 55,509 | 45,308 |
| Changes in operating assets and liabilities | 13,484 | (27,733) |
| Other, net | (24,843) | (4,989) |
| Net cash provided by operating activities | <u>185,231</u> | <u>132,977</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (21,969) | (24,999) |
| Cash paid for acquisitions, net of cash acquired | (5,683) | (56,992) |
| Other, net | 37 | 75 |
| Net cash used in investing activities | <u>(27,615)</u> | <u>(81,916)</u> |
| Cash flows from financing activities: | | |
| Proceeds from revolving line of credit | 122,000 | 249,000 |
| Payments on revolving line of credit | (99,000) | (116,000) |
| Payment on Senior Notes | (60,000) | (71,000) |
| Proceeds from issuances of common stock | 17,828 | 18,258 |
| Taxes paid related to net share settlement of equity awards | (29,955) | (19,461) |
| Repurchases of common stock | (138,399) | (130,719) |
| Other, net | 22,548 | 11,287 |
| Net cash used in financing activities | <u>(164,978)</u> | <u>(58,635)</u> |
| Effect of exchange rate changes on cash | <u>(2,832)</u> | <u>(11,381)</u> |
| Decrease in cash and cash equivalents | (10,194) | (18,955) |
| Cash and cash equivalents, beginning of period | 86,120 | 105,075 |
| Cash and cash equivalents, end of period | <u>\$ 75,926</u> | <u>\$ 86,120</u> |

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

| | Quarter Ended | | Year Ended | |
|---|----------------------|-------------------|----------------------|-------------------|
| | September 30, | | September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Applications revenues: | | | | |
| Transactional and maintenance | \$ 83,813 | \$ 81,999 | \$ 328,472 | \$ 320,596 |
| Professional services | 43,370 | 34,062 | 138,775 | 124,562 |
| License | 21,836 | 33,193 | 65,395 | 81,116 |
| Total applications revenues | <u>\$ 149,019</u> | <u>\$ 149,254</u> | <u>\$ 532,642</u> | <u>\$ 526,274</u> |
| Scores revenues: | | | | |
| Transactional and maintenance | \$ 59,392 | \$ 55,420 | \$ 233,655 | \$ 200,426 |
| Professional services | 1,503 | 532 | 4,185 | 2,901 |
| License | 1,916 | 1,423 | 3,219 | 3,680 |
| Total scores revenues | <u>\$ 62,811</u> | <u>\$ 57,375</u> | <u>\$ 241,059</u> | <u>\$ 207,007</u> |
| Decision management software revenues: | | | | |
| Transactional and maintenance | \$ 11,013 | \$ 12,025 | \$ 43,792 | \$ 43,210 |
| Professional services | 7,067 | 6,037 | 26,778 | 24,310 |
| License | 5,914 | 8,065 | 37,085 | 37,980 |
| Total decision management software revenues | <u>\$ 23,994</u> | <u>\$ 26,127</u> | <u>\$ 107,655</u> | <u>\$ 105,500</u> |
| Total revenues: | | | | |
| Transactional and maintenance | \$ 154,218 | \$ 149,444 | \$ 605,919 | \$ 564,232 |
| Professional services | 51,940 | 40,631 | 169,738 | 151,773 |
| License | 29,666 | 42,681 | 105,699 | 122,776 |
| Total revenues | <u>\$ 235,824</u> | <u>\$ 232,756</u> | <u>\$ 881,356</u> | <u>\$ 838,781</u> |

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

| | Quarter Ended September 30, | | Year Ended September 30, | |
|---|--------------------------------|------------------|-----------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| GAAP net income | \$ 32,104 | \$ 33,319 | \$ 109,448 | \$ 86,502 |
| Amortization of intangible assets | 3,409 | 3,627 | 13,982 | 13,673 |
| Restructuring and acquisition-related | - | 15,986 | - | 18,242 |
| Stock-based compensation expense | 13,804 | 12,545 | 55,508 | 45,307 |
| Income tax adjustments | (4,676) | (9,121) | (20,235) | (22,826) |
| Adjustment to foreign tax credit and tax reserves | (3,287) | (5,440) | (3,287) | (5,440) |
| Non-GAAP net income | <u>\$ 41,355</u> | <u>\$ 50,916</u> | <u>\$ 155,417</u> | <u>\$ 135,458</u> |
| GAAP diluted earnings per share | \$ 1.00 | \$ 1.03 | \$ 3.39 | \$ 2.65 |
| Amortization of intangible assets | 0.11 | 0.11 | 0.43 | 0.42 |
| Restructuring and acquisition-related | - | 0.49 | - | 0.56 |
| Stock-based compensation expense | 0.43 | 0.39 | 1.72 | 1.39 |
| Income tax adjustments | (0.15) | (0.28) | (0.63) | (0.70) |
| Adjustment to foreign tax credit and tax reserves | (0.10) | (0.17) | (0.10) | (0.17) |
| Non-GAAP diluted earnings per share | <u>\$ 1.28</u> | <u>\$ 1.57</u> | <u>\$ 4.81</u> | <u>\$ 4.15</u> |
| Free cash flow | | | | |
| Net cash provided by operating activities | \$ 23,606 | \$ 46,577 | \$ 185,231 | \$ 132,977 |
| Capital expenditures | (9,428) | (6,733) | (21,969) | (24,999) |
| Dividends paid | (619) | (626) | (2,488) | (2,508) |
| Free cash flow | <u>\$ 13,559</u> | <u>\$ 39,218</u> | <u>\$ 160,774</u> | <u>\$ 105,470</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)

| | | |
|-------------------------------------|-----------|-------------|
| GAAP net income | \$ | 109 |
| Amortization of intangible assets | | 14 |
| Stock-based compensation expense | | 56 |
| Income tax adjustments | | (21) |
| Non-GAAP net income | <u>\$</u> | <u>158</u> |
| | | |
| GAAP diluted earnings per share | \$ | 3.39 |
| Amortization of intangible assets | | 0.43 |
| Stock-based compensation expense | | 1.75 |
| Income tax adjustments | | (0.65) |
| Non-GAAP diluted earnings per share | <u>\$</u> | <u>4.92</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.

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