

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

	<u>December 31,</u> <u>2014</u>	<u>September 30,</u> <u>2014</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 94,651	\$ 105,075
Accounts receivable, net	147,123	155,295
Prepaid expenses and other current assets	<u>38,096</u>	<u>28,157</u>
Total current assets	<u>279,870</u>	<u>288,527</u>
Marketable securities and investments	20,488	19,784
Property and equipment, net	36,791	36,677
Goodwill and intangible assets, net	818,325	827,842
Other assets	<u>12,448</u>	<u>19,468</u>
	<u>\$ 1,167,922</u>	<u>\$ 1,192,298</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 47,311	\$ 58,235
Accrued compensation and employee benefits	30,081	56,650
Deferred revenue	57,331	56,519
Current maturities on debt	<u>231,000</u>	<u>170,000</u>
Total current liabilities	<u>365,723</u>	<u>341,404</u>
Senior notes	376,000	376,000
Other liabilities	<u>22,978</u>	<u>20,280</u>
Total liabilities	<u>764,701</u>	<u>737,684</u>
Stockholders' equity	<u>403,221</u>	<u>454,614</u>
	<u>\$ 1,167,922</u>	<u>\$ 1,192,298</u>

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

	Quarter Ended December 31,	
	2014	2013
Revenues:		
Transactional and maintenance	\$ 131,410	\$ 129,655
Professional services	35,198	34,286
License	22,942	20,402
Total revenues	189,550	184,343
Operating expenses:		
Cost of revenues	66,300	57,319
Research & development	22,637	18,092
Selling, general and administrative	72,801	66,989
Amortization of intangible assets	2,932	3,013
Restructuring and acquisition-related	-	3,660
	164,670	149,073
Operating income	24,880	35,270
Other expense, net	(6,556)	(8,087)
Income before income taxes	18,324	27,183
Provision for income taxes	3,917	10,206
Net income	\$ 14,407	\$ 16,977
Basic earnings per share:	\$ 0.45	\$ 0.49
Diluted earnings per share:	\$ 0.43	\$ 0.47
Shares used in computing earnings per share:		
Basic	31,936	34,699
Diluted	33,128	35,820

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

	Quarter Ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 14,407	\$ 16,977
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,107	8,167
Share-based compensation	8,794	7,235
Changes in operating assets and liabilities	(35,518)	(2,348)
Other, net	5,570	(1,653)
Net cash provided by operating activities	1,360	28,378
Cash flows from investing activities:		
Purchases of property and equipment	(5,667)	(2,154)
Other, net	75	-
Net cash used in investing activities	(5,592)	(2,154)
Cash flows from financing activities:		
Proceeds from revolving line of credit	81,000	8,000
Payments on revolving line of credit	(20,000)	-
Proceeds from issuances of common stock	6,713	10,832
Taxes paid related to net share settlement of equity awards	(15,007)	(8,821)
Repurchases of common stock	(60,593)	(27,125)
Other, net	5,850	3,857
Net cash used in financing activities	(2,037)	(13,257)
Effect of exchange rate changes on cash	(4,155)	(208)
Increase (decrease) in cash and cash equivalents	(10,424)	12,759
Cash and cash equivalents, beginning of period	105,075	83,178
Cash and cash equivalents, end of period	\$ 94,651	\$ 95,937

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

	Quarter Ended	
	December 31,	
	2014	2013
Applications revenues:		
Transactional and maintenance	\$ 78,551	\$ 77,779
Professional services	28,499	26,787
License	8,448	7,350
Total applications revenues	<u>\$ 115,498</u>	<u>\$ 111,916</u>
Scores revenues:		
Transactional and maintenance	\$ 42,937	\$ 43,318
Professional services	788	589
License	216	3,273
Total scores revenues	<u>\$ 43,941</u>	<u>\$ 47,180</u>
Tools revenues:		
Transactional and maintenance	\$ 9,922	\$ 8,558
Professional services	5,911	6,910
License	14,278	9,779
Total tools revenues	<u>\$ 30,111</u>	<u>\$ 25,247</u>
Total revenues:		
Transactional and maintenance	\$ 131,410	\$ 129,655
Professional services	35,198	34,286
License	22,942	20,402
Total revenues	<u>\$ 189,550</u>	<u>\$ 184,343</u>

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

	Quarter Ended December 31,	
	2014	2013
GAAP net income	\$ 14,407	\$ 16,977
Amortization of intangible assets (net of tax)	2,050	1,996
Restructuring and acquisition-related (net of tax)	-	2,424
Stock-based compensation expense (net of tax)	6,149	4,792
Non-GAAP net income	\$ 22,606	\$ 26,189
GAAP diluted earnings per share	\$ 0.43	\$ 0.47
Amortization of intangible assets (net of tax)	0.06	0.06
Restructuring and acquisition-related (net of tax)	-	0.07
Stock-based compensation expense (net of tax)	0.19	0.13
Non-GAAP diluted earnings per share	\$ 0.68	\$ 0.73
Free cash flow		
Net cash provided by operating activities	\$ 1,360	\$ 28,378
Capital expenditures	(5,667)	(2,154)
Dividends paid	(635)	(693)
Free cash flow	\$ (4,942)	\$ 25,531

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.