

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

	<u>March 31,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 86,841	\$ 105,075
Accounts receivable, net	169,932	155,295
Prepaid expenses and other current assets	44,982	28,157
Total current assets	<u>301,755</u>	<u>288,527</u>
Marketable securities and investments	20,664	19,784
Property and equipment, net	40,011	36,677
Goodwill and intangible assets, net	862,699	827,842
Other assets	11,522	19,468
	<u>\$ 1,236,651</u>	<u>\$ 1,192,298</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 69,173	\$ 58,235
Accrued compensation and employee benefits	37,301	56,650
Deferred revenue	67,609	56,519
Current maturities on debt	82,000	170,000
Total current liabilities	<u>256,083</u>	<u>341,404</u>
Long-term debt	576,000	376,000
Other liabilities	23,406	20,280
Total liabilities	<u>855,489</u>	<u>737,684</u>
Stockholders' equity	381,162	454,614
	<u>\$ 1,236,651</u>	<u>\$ 1,192,298</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,	
	2015	2014	2015	2014
Revenues:				
Transactional and maintenance	\$ 138,683	\$ 132,369	\$ 270,093	\$ 262,024
Professional services	37,946	34,619	73,144	68,905
License	30,480	18,474	53,422	38,876
Total revenues	<u>207,109</u>	<u>185,462</u>	<u>396,659</u>	<u>369,805</u>
Operating expenses:				
Cost of revenues	70,991	58,183	137,291	115,502
Research & development	24,341	19,690	46,978	37,782
Selling, general and administrative	73,863	65,944	146,664	132,933
Amortization of intangible assets	3,515	2,908	6,447	5,921
Restructuring and acquisition-related	-	-	-	3,660
	<u>172,710</u>	<u>146,725</u>	<u>337,380</u>	<u>295,798</u>
Operating income	34,399	38,737	59,279	74,007
Other expense, net	(8,366)	(7,450)	(14,922)	(15,537)
Income before income taxes	26,033	31,287	44,357	58,470
Provision for income taxes	7,163	10,536	11,080	20,742
Net income	<u>\$ 18,870</u>	<u>\$ 20,751</u>	<u>\$ 33,277</u>	<u>\$ 37,728</u>
Basic earnings per share:	<u>\$ 0.60</u>	<u>\$ 0.60</u>	<u>\$ 1.05</u>	<u>\$ 1.09</u>
Diluted earnings per share:	<u>\$ 0.58</u>	<u>\$ 0.59</u>	<u>\$ 1.01</u>	<u>\$ 1.06</u>
Shares used in computing earnings per share:				
Basic	<u>31,335</u>	<u>34,500</u>	<u>31,639</u>	<u>34,705</u>
Diluted	<u>32,448</u>	<u>35,311</u>	<u>32,791</u>	<u>35,670</u>

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

	Six Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 33,277	\$ 37,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,047	16,012
Share-based compensation	20,596	16,286
Changes in operating assets and liabilities	(30,793)	9,921
Other, net	3,155	(4,860)
Net cash provided by operating activities	<u>43,282</u>	<u>75,087</u>
Cash flows from investing activities:		
Purchases of property and equipment	(10,251)	(4,296)
Cash paid for acquisitions, net of cash acquired	(56,621)	-
Other, net	75	-
Net cash used in investing activities	<u>(66,797)</u>	<u>(4,296)</u>
Cash flows from financing activities:		
Proceeds from revolving line of credit	152,000	23,000
Payments on revolving line of credit	(40,000)	(10,000)
Proceeds from issuances of common stock	11,853	13,256
Taxes paid related to net share settlement of equity awards	(15,992)	(9,571)
Repurchases of common stock	(100,713)	(67,141)
Other, net	7,356	3,688
Net cash provided by (used in) financing activities	<u>14,504</u>	<u>(46,768)</u>
Effect of exchange rate changes on cash	<u>(9,223)</u>	<u>975</u>
Increase (decrease) in cash and cash equivalents	(18,234)	24,998
Cash and cash equivalents, beginning of period	105,075	83,178
Cash and cash equivalents, end of period	<u>\$ 86,841</u>	<u>\$ 108,176</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Applications revenues:				
Transactional and maintenance	\$ 80,315	\$ 76,898	\$ 158,866	\$ 154,677
Professional services	30,992	28,373	59,491	55,160
License	23,081	10,339	31,529	17,689
Total applications revenues	<u>\$ 134,388</u>	<u>\$ 115,610</u>	<u>\$ 249,886</u>	<u>\$ 227,526</u>
Scores revenues:				
Transactional and maintenance	\$ 47,814	\$ 46,560	\$ 90,751	\$ 89,878
Professional services	966	777	1,754	1,366
License	1,157	521	1,373	3,794
Total scores revenues	<u>\$ 49,937</u>	<u>\$ 47,858</u>	<u>\$ 93,878</u>	<u>\$ 95,038</u>
Tools revenues:				
Transactional and maintenance	\$ 10,554	\$ 8,911	\$ 20,476	\$ 17,469
Professional services	5,988	5,469	11,899	12,379
License	6,242	7,614	20,520	17,393
Total tools revenues	<u>\$ 22,784</u>	<u>\$ 21,994</u>	<u>\$ 52,895</u>	<u>\$ 47,241</u>
Total revenues:				
Transactional and maintenance	\$ 138,683	\$ 132,369	\$ 270,093	\$ 262,024
Professional services	37,946	34,619	73,144	68,905
License	30,480	18,474	53,422	38,876
Total revenues	<u>\$ 207,109</u>	<u>\$ 185,462</u>	<u>\$ 396,659</u>	<u>\$ 369,805</u>

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

	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
GAAP net income	\$ 18,870	\$ 20,751	\$ 33,277	\$ 37,728
Amortization of intangible assets (net of tax)	2,478	1,930	4,528	3,926
Restructuring and acquisition-related (net of tax)	-	-	-	2,424
Stock-based compensation expense (net of tax)	8,320	6,008	14,469	10,800
Non-GAAP net income	<u>\$ 29,668</u>	<u>\$ 28,689</u>	<u>\$ 52,274</u>	<u>\$ 54,878</u>
GAAP diluted earnings per share	\$ 0.58	\$ 0.59	\$ 1.01	\$ 1.06
Amortization of intangible assets (net of tax)	0.08	0.05	0.14	0.11
Restructuring and acquisition-related (net of tax)	-	-	-	0.07
Stock-based compensation expense (net of tax)	0.26	0.17	0.44	0.30
Non-GAAP diluted earnings per share	<u>\$ 0.91</u>	<u>\$ 0.81</u>	<u>\$ 1.59</u>	<u>\$ 1.54</u>
Free cash flow				
Net cash provided by operating activities	\$ 41,922	\$ 46,710	\$ 43,282	\$ 75,088
Capital expenditures	(4,584)	(2,143)	(10,251)	(4,297)
Dividends paid	(626)	(696)	(1,261)	(1,389)
Free cash flow	<u>\$ 36,712</u>	<u>\$ 43,871</u>	<u>\$ 31,770</u>	<u>\$ 69,402</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, 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	\$ 92	\$ 95
Amortization of intangible assets (net of tax)	9	9
Stock-based compensation expense (net of tax)	31	31
Non-GAAP net income	<u>\$ 131</u>	<u>\$ 134</u>
GAAP diluted earnings per share	\$ 2.78	\$ 2.88
Amortization of intangible assets (net of tax)	0.26	0.26
Stock-based compensation expense (net of tax)	0.94	0.94
Non-GAAP diluted earnings per share	<u>\$ 3.97</u>	<u>\$ 4.06</u>

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

About Non-GAAP Financial Measures

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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.