

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

	<u>December 31,</u> <u>2015</u>	<u>September 30,</u> <u>2015</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 90,710	\$ 86,120
Accounts receivable, net	139,078	158,773
Prepaid expenses and other current assets	<u>57,757</u>	<u>41,709</u>
Total current assets	<u>287,545</u>	<u>286,602</u>
Marketable securities and investments	20,620	20,525
Property and equipment, net	38,422	38,208
Goodwill and intangible assets, net	853,081	862,071
Other assets	<u>15,582</u>	<u>22,757</u>
	<u>\$ 1,215,250</u>	<u>\$ 1,230,163</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 50,365	\$ 50,810
Accrued compensation and employee benefits	37,837	54,368
Deferred revenue	51,888	46,697
Current maturities on debt	<u>103,000</u>	<u>92,000</u>
Total current liabilities	<u>243,090</u>	<u>243,875</u>
Long-term debt	516,000	516,000
Other liabilities	<u>33,992</u>	<u>33,290</u>
Total liabilities	<u>793,082</u>	<u>793,165</u>
Stockholders' equity	<u>422,168</u>	<u>436,998</u>
	<u>\$ 1,215,250</u>	<u>\$ 1,230,163</u>

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

	Quarter Ended December 31,	
	2015	2014
Revenues:		
Transactional and maintenance	\$ 147,072	\$ 131,410
Professional services	34,152	35,198
License	18,852	22,942
Total revenues	200,076	189,550
Operating expenses:		
Cost of revenues	62,193	66,300
Research & development	24,631	22,637
Selling, general and administrative	78,838	72,801
Amortization of intangible assets	3,580	2,932
	169,242	164,670
Operating income	30,834	24,880
Other expense, net	(7,058)	(6,556)
Income before income taxes	23,776	18,324
Provision for income taxes	4,535	3,917
Net income	\$ 19,241	\$ 14,407
Basic earnings per share:	\$ 0.62	\$ 0.45
Diluted earnings per share:	\$ 0.59	\$ 0.43
Shares used in computing earnings per share:		
Basic	31,185	31,936
Diluted	32,436	33,128

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

	Quarter Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 19,241	\$ 14,407
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,441	8,107
Share-based compensation	14,700	8,794
Changes in operating assets and liabilities	(6,792)	(35,518)
Other, net	5,960	5,570
Net cash provided by operating activities	40,550	1,360
Cash flows from investing activities:		
Purchases of property and equipment	(4,294)	(5,667)
Other, net	-	75
Net cash used in investing activities	(4,294)	(5,592)
Cash flows from financing activities:		
Proceeds from revolving line of credit	26,000	81,000
Payments on revolving line of credit	(15,000)	(20,000)
Proceeds from issuances of common stock	1,199	6,713
Taxes paid related to net share settlement of equity awards	(24,462)	(15,007)
Repurchases of common stock	(28,382)	(60,593)
Other, net	9,457	5,850
Net cash used in financing activities	(31,188)	(2,037)
Effect of exchange rate changes on cash	(478)	(4,155)
Increase (decrease) in cash and cash equivalents	4,590	(10,424)
Cash and cash equivalents, beginning of period	86,120	105,075
Cash and cash equivalents, end of period	\$ 90,710	\$ 94,651

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

	Quarter Ended	
	December 31,	
	2015	2014
Applications revenues:		
Transactional and maintenance	\$ 80,983	\$ 78,551
Professional services	27,126	28,499
License	12,032	8,448
Total applications revenues	<u>\$ 120,141</u>	<u>\$ 115,498</u>
Scores revenues:		
Transactional and maintenance	\$ 55,217	\$ 42,937
Professional services	748	788
License	37	216
Total scores revenues	<u>\$ 56,002</u>	<u>\$ 43,941</u>
Tools revenues:		
Transactional and maintenance	\$ 10,872	\$ 9,922
Professional services	6,278	5,911
License	6,783	14,278
Total tools revenues	<u>\$ 23,933</u>	<u>\$ 30,111</u>
Total revenues:		
Transactional and maintenance	\$ 147,072	\$ 131,410
Professional services	34,152	35,198
License	18,852	22,942
Total revenues	<u>\$ 200,076</u>	<u>\$ 189,550</u>

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

	Quarter Ended December 31,	
	2015	2014
GAAP net income	\$ 19,241	\$ 14,407
Amortization of intangible assets (net of tax)	2,520	2,050
Stock-based compensation expense (net of tax)	10,346	6,149
Non-GAAP net income	\$ 32,107	\$ 22,606
GAAP diluted earnings per share	\$ 0.59	\$ 0.43
Amortization of intangible assets (net of tax)	0.08	0.06
Stock-based compensation expense (net of tax)	0.32	0.19
Non-GAAP diluted earnings per share	\$ 0.99	\$ 0.68
Free cash flow		
Net cash provided by operating activities	\$ 40,550	\$ 1,360
Capital expenditures	(4,294)	(5,667)
Dividends paid	(622)	(635)
Free cash flow	\$ 35,634	\$ (4,942)

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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