

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

	<u>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 118,155	\$ 86,120
Accounts receivable, net	155,196	158,773
Prepaid expenses and other current assets	22,443	41,709
Total current assets	<u>295,794</u>	<u>286,602</u>
Marketable securities and investments	21,565	20,525
Property and equipment, net	41,106	38,208
Goodwill and intangible assets, net	839,414	862,071
Other assets	28,833	22,757
	<u>\$ 1,226,712</u>	<u>\$ 1,230,163</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 57,639	\$ 50,810
Accrued compensation and employee benefits	56,720	54,368
Deferred revenue	50,884	46,697
Current maturities on debt	85,000	92,000
Total current liabilities	<u>250,243</u>	<u>243,875</u>
Long-term debt	516,000	516,000
Other liabilities	32,428	33,290
Total liabilities	<u>798,671</u>	<u>793,165</u>
Stockholders' equity	428,041	436,998
	<u>\$ 1,226,712</u>	<u>\$ 1,230,163</u>

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

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Transactional and maintenance	\$ 153,886	\$ 144,695	\$ 451,701	\$ 414,788
Professional services	44,304	37,998	117,798	111,142
License	40,588	26,673	76,033	80,095
Total revenues	<u>238,778</u>	<u>209,366</u>	<u>645,532</u>	<u>606,025</u>
Operating expenses:				
Cost of revenues	66,384	66,202	190,875	203,493
Research & development	26,417	25,610	75,896	72,588
Selling, general and administrative	87,172	74,645	243,511	221,309
Amortization of intangible assets	3,486	3,599	10,573	10,046
Restructuring and acquisition-related	-	2,256	-	2,256
	<u>183,459</u>	<u>172,312</u>	<u>520,855</u>	<u>509,692</u>
Operating income	55,319	37,054	124,677	96,333
Other expense, net	(5,029)	(6,590)	(18,467)	(21,512)
Income before income taxes	50,290	30,464	106,210	74,821
Provision for income taxes	15,303	10,558	28,866	21,638
Net income	<u>\$ 34,987</u>	<u>\$ 19,906</u>	<u>\$ 77,344</u>	<u>\$ 53,183</u>
Basic earnings per share:	<u>\$ 1.12</u>	<u>\$ 0.64</u>	<u>\$ 2.48</u>	<u>\$ 1.69</u>
Diluted earnings per share:	<u>\$ 1.08</u>	<u>\$ 0.62</u>	<u>\$ 2.39</u>	<u>\$ 1.63</u>
Shares used in computing earnings per share:				
Basic	<u>31,149</u>	<u>31,118</u>	<u>31,201</u>	<u>31,465</u>
Diluted	<u>32,313</u>	<u>32,363</u>	<u>32,337</u>	<u>32,648</u>

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

	Nine Months Ended	
	June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 77,344	\$ 53,183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,127	26,093
Share-based compensation	41,704	32,762
Changes in operating assets and liabilities	18,996	(25,264)
Other, net	454	(374)
Net cash provided by operating activities	161,625	86,400
Cash flows from investing activities:		
Purchases of property and equipment	(12,541)	(18,266)
Cash paid for acquisitions, net of cash acquired	(5,683)	(56,992)
Other, net	37	75
Net cash used in investing activities	(18,187)	(75,183)
Cash flows from financing activities:		
Proceeds from revolving line of credit	49,000	241,000
Payments on revolving line of credit	(56,000)	(68,000)
Payment on Senior Notes	-	(71,000)
Proceeds from issuances of common stock	8,356	13,643
Taxes paid related to net share settlement of equity awards	(28,544)	(18,102)
Repurchases of common stock	(96,121)	(130,719)
Other, net	14,231	9,482
Net cash used in financing activities	(109,078)	(23,696)
Effect of exchange rate changes on cash	(2,325)	(8,238)
Increase (decrease) in cash and cash equivalents	32,035	(20,717)
Cash and cash equivalents, beginning of period	86,120	105,075
Cash and cash equivalents, end of period	\$ 118,155	\$ 84,358

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

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Applications revenues:				
Transactional and maintenance	\$ 82,925	\$ 79,731	\$ 244,659	\$ 238,597
Professional services	36,560	31,009	95,405	90,500
License	22,080	16,394	43,559	47,923
Total applications revenues	<u>\$ 141,565</u>	<u>\$ 127,134</u>	<u>\$ 383,623</u>	<u>\$ 377,020</u>
Scores revenues:				
Transactional and maintenance	\$ 59,781	\$ 54,255	\$ 174,263	\$ 145,006
Professional services	822	615	2,682	2,369
License	527	884	1,303	2,257
Total scores revenues	<u>\$ 61,130</u>	<u>\$ 55,754</u>	<u>\$ 178,248</u>	<u>\$ 149,632</u>
Tools revenues:				
Transactional and maintenance	\$ 11,180	\$ 10,709	\$ 32,779	\$ 31,185
Professional services	6,922	6,374	19,711	18,273
License	17,981	9,395	31,171	29,915
Total tools revenues	<u>\$ 36,083</u>	<u>\$ 26,478</u>	<u>\$ 83,661</u>	<u>\$ 79,373</u>
Total revenues:				
Transactional and maintenance	\$ 153,886	\$ 144,695	\$ 451,701	\$ 414,788
Professional services	44,304	37,998	117,798	111,142
License	40,588	26,673	76,033	80,095
Total revenues	<u>\$ 238,778</u>	<u>\$ 209,366</u>	<u>\$ 645,532</u>	<u>\$ 606,025</u>

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

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
GAAP net income	\$ 34,987	\$ 19,906	\$ 77,344	\$ 53,183
Amortization of intangible assets	3,486	3,599	10,573	10,046
Restructuring and acquisition-related	-	2,256	-	2,256
Stock-based compensation expense	13,404	12,166	41,704	32,762
Income tax adjustments	(5,051)	(5,660)	(15,559)	(13,705)
Non-GAAP net income	<u>\$ 46,826</u>	<u>\$ 32,267</u>	<u>\$ 114,062</u>	<u>\$ 84,542</u>
GAAP diluted earnings per share	\$ 1.08	\$ 0.62	\$ 2.39	\$ 1.63
Amortization of intangible assets	0.11	0.11	0.33	0.31
Restructuring and acquisition-related	-	0.07	-	0.07
Stock-based compensation expense	0.41	0.38	1.29	1.00
Income tax adjustments	(0.16)	(0.17)	(0.48)	(0.42)
Non-GAAP diluted earnings per share	<u>\$ 1.45</u>	<u>\$ 1.00</u>	<u>\$ 3.53</u>	<u>\$ 2.59</u>
Free cash flow				
Net cash provided by operating activities	\$ 83,299	\$ 43,118	\$ 161,625	\$ 86,400
Capital expenditures	(4,734)	(8,015)	(12,541)	(18,266)
Dividends paid	(624)	(621)	(1,869)	(1,882)
Free cash flow	<u>\$ 77,941</u>	<u>\$ 34,482</u>	<u>\$ 147,215</u>	<u>\$ 66,252</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	\$ 98	\$ 102
Amortization of intangible assets	14	14
Stock-based compensation expense	55	55
Income tax adjustments	(21)	(21)
Non-GAAP net income	<u>\$ 145</u>	<u>\$ 149</u>
GAAP diluted earnings per share	\$ 3.03	\$ 3.15
Amortization of intangible assets	0.44	0.44
Stock-based compensation expense	1.69	1.69
Income tax adjustments	(0.66)	(0.66)
Non-GAAP diluted earnings per share	<u>\$ 4.50</u>	<u>\$ 4.62</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.