

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

	<u>December 31,</u> <u>2016</u>	<u>September 30,</u> <u>2016</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 88,101	\$ 75,926
Accounts receivable, net	155,714	167,786
Prepaid expenses and other current assets	40,929	23,926
Total current assets	<u>284,744</u>	<u>267,638</u>
Marketable securities and investments	23,182	21,936
Property and equipment, net	43,959	45,122
Goodwill and intangible assets, net	818,930	832,034
Other assets	53,583	53,946
	<u>\$ 1,224,398</u>	<u>\$ 1,220,676</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 48,744	\$ 50,732
Accrued compensation and employee benefits	41,506	71,216
Deferred revenue	57,465	47,129
Current maturities on debt	102,000	77,000
Total current liabilities	<u>249,715</u>	<u>246,077</u>
Long-term debt	518,672	493,624
Other liabilities	34,105	34,147
Total liabilities	<u>802,492</u>	<u>773,848</u>
Stockholders' equity	421,906	446,828
	<u>\$ 1,224,398</u>	<u>\$ 1,220,676</u>

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

	<b>Quarter Ended</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>		
Transactional and maintenance	\$ 153,660	\$ 147,072
Professional services	43,543	34,152
License	22,397	18,852
Total revenues	219,600	200,076
<b>Operating expenses:</b>		
Cost of revenues	69,997	62,193
Research & development	26,142	24,631
Selling, general and administrative	85,214	78,838
Amortization of intangible assets	3,320	3,580
Total operating expenses	184,673	169,242
Operating income	34,927	30,834
Other expense, net	(6,272)	(7,058)
Income before income taxes	28,655	23,776
Provision for income taxes	(9,246)	4,535
Net income	\$ 37,901	\$ 19,241
Basic earnings per share:	\$ 1.22	\$ 0.62
Diluted earnings per share:	\$ 1.16	\$ 0.59
<b>Shares used in computing earnings per share:</b>		
Basic	30,989	31,185
Diluted	32,536	32,436

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

	<b>Quarter Ended</b>	
	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 37,901	\$ 19,241
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,058	7,441
Share-based compensation	14,519	14,700
Changes in operating assets and liabilities	(28,963)	(6,792)
Other, net	463	16,039
Net cash provided by operating activities (1)	<u>32,978</u>	<u>50,629</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(4,319)	(4,294)
Net cash used in investing activities	<u>(4,319)</u>	<u>(4,294)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving line of credit	60,000	26,000
Payments on revolving line of credit	(10,000)	(15,000)
Proceeds from issuances of common stock	3,663	1,199
Taxes paid related to net share settlement of equity awards	(35,598)	(24,462)
Repurchases of common stock	(30,442)	(28,382)
Other, net	(618)	(622)
Net cash used in financing activities (1)	<u>(12,995)</u>	<u>(41,267)</u>
<b>Effect of exchange rate changes on cash</b>	<u>(3,489)</u>	<u>(478)</u>
Increase in cash and cash equivalents	12,175	4,590
Cash and cash equivalents, beginning of period	75,926	86,120
Cash and cash equivalents, end of period	<u>\$ 88,101</u>	<u>\$ 90,710</u>

(1) During the quarter ended December 31, 2016, we adopted Accounting Standards Update No. 2016-09 which addresses, among other items, updates to the presentation of excess tax benefits related to stock based compensation. Excess tax benefits are no longer classified as a reduction of operating cash flows. We have adopted changes to our condensed consolidated statements of cash flows on a retrospective basis. The impact to net cash provided by operating activities and net cash used in financing activities for the quarter ended December 31, 2015 was \$10.1 million.

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

	<b>Quarter Ended</b>	
	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
Applications revenues:		
Transactional and maintenance	\$ 84,881	\$ 80,983
Professional services	34,341	27,126
License	15,543	12,032
Total Applications revenues	\$ 134,765	\$ 120,141
Scores revenues:		
Transactional and maintenance	\$ 58,252	\$ 55,217
Professional services	521	748
License	609	37
Total Scores revenues	\$ 59,382	\$ 56,002
Decision Management Software revenues:		
Transactional and maintenance	\$ 10,527	\$ 10,872
Professional services	8,681	6,278
License	6,245	6,783
Total Decision Management Software revenues	\$ 25,453	\$ 23,933
Total revenues:		
Transactional and maintenance	\$ 153,660	\$ 147,072
Professional services	43,543	34,152
License	22,397	18,852
Total revenues	\$ 219,600	\$ 200,076

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

	Quarter Ended December 31,	
	2016	2015
GAAP net income	\$ 37,901	\$ 19,241
Amortization of intangible assets	3,320	3,580
Stock-based compensation expense	14,519	14,700
Income tax adjustments	(4,987)	(5,414)
Excess tax benefit	(17,261)	-
Non-GAAP net income	\$ 33,492	\$ 32,107
GAAP diluted earnings per share	\$ 1.16	\$ 0.59
Amortization of intangible assets	0.10	0.11
Stock-based compensation expense	0.45	0.45
Income tax adjustments	(0.15)	(0.17)
Excess tax benefit	(0.53)	-
Non-GAAP diluted earnings per share	\$ 1.03	\$ 0.99
Free cash flow		
Net cash provided by operating activities	\$ 32,978	\$ 50,629
Capital expenditures	(4,319)	(4,294)
Dividends paid	(618)	(622)
Free cash flow	\$ 28,041	\$ 45,713

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, excess tax benefit, 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)

	Previous Fiscal 2017 Guidance	Quarter 1, 2017 Impact of ASU 2016- 09	New Fiscal 2017 Guidance
GAAP net income	\$ 109	\$ 17	\$ 126
Amortization of intangible assets	14	-	14
Stock-based compensation expense	56	-	56
Income tax adjustments	(21)	-	(21)
Excess tax benefit	-	(17)	(17)
Non-GAAP net income	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 158</u>
GAAP diluted earnings per share	\$ 3.39	\$ 0.53	\$ 3.92
Amortization of intangible assets	0.43	-	0.43
Stock-based compensation expense	1.75	-	1.75
Income tax adjustments	(0.65)	-	(0.65)
Excess tax benefit	-	(0.53)	(0.53)
Non-GAAP diluted earnings per share	<u>\$ 4.92</u>	<u>\$ 0.53</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, excess tax benefit, 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.