

FAIR ISAAC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Quarters and Nine Months Ended June 30, 2006 and 2005
(In thousands, except per share data)
(Unaudited)

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Revenues	\$207,129	\$203,807	\$618,076	\$595,374
Operating expenses:				
Cost of revenues	71,497	68,339	211,686	207,757
Research and development	21,370	21,176	65,794	60,297
Selling, general and administrative	66,338	59,126	193,878	167,779
Amortization of intangible assets	6,302	6,320	18,825	19,640
Restructuring and acquisition related	5,290	-	6,800	-
Total operating expenses	170,797	154,961	496,983	455,473
Operating income	36,332	48,846	121,093	139,901
Other income (expense), net	2,713	161	5,053	1
Income before income taxes	39,045	49,007	126,146	139,902
Provision for income taxes	13,042	12,395	44,713	41,102
Net income	\$26,003	\$36,612	\$81,433	\$98,800
Earnings per share:				
Basic	\$0.41	\$0.55	\$1.27	\$1.47
Diluted	\$0.40	\$0.53	\$1.23	\$1.34 (a)
Shares used in computing earnings per share:				
Basic	63,664	66,215	64,303	67,247
Diluted	64,973	68,531	66,003	75,661 (a)
Share-based compensation expense included in the above operating expense captions are as follows (b):				
Cost of revenues	\$2,722	\$79	\$8,265	\$190
Research and development	1,661	36	5,061	87
Selling, general and administrative	6,001	347	16,698	815
Total share-based				

compensation expense	\$10,384	\$462	\$30,024	\$1,092
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- (a) The computation of diluted earnings per share for the nine months ended June 30, 2005 includes 6.0 million shares of common stock issuable upon conversion of our senior convertible notes, along with a corresponding adjustment to net income to add back related interest expense, net of tax, of approximately \$2.5 million. On March 31, 2005, the company successfully completed an exchange offer for approximately 99.9% of the principal amount of its senior convertible notes for new senior convertible notes. The dilutive effect of the new senior convertible notes has been calculated using the treasury stock method since the effective date of the exchange.
- (b) Effective October 1, 2005, the company adopted SFAS 123(R), "Share-Based Payment", which required the company to record compensation expense for all share-based awards. Results from prior periods have not been restated.