

Intuit Facts

Q1 FY06

Intuit Inc.

Investor Relations (650) 944-6165

NASDAQ: INTU

Financial Summary						
(\$ millions)						
	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	FY05	Q1 FY06
Revenue:						
Small & Medium Business						
QuickBooks Related	\$145.6	\$222.3	\$196.6	\$188.4	\$753.0	\$178.1
% change YOY	12%	10%	16%	23%	15%	22%
Intuit-Branded Small Business	\$53.5	\$60.7	\$56.4	\$60.2	\$230.7	\$58.2
% change YOY	14%	9%	9%	14%	11%	9%
Tax						
Consumer Tax	\$5.0	\$141.1	\$419.0	\$5.6	\$570.7	\$7.9
% change YOY	-3%	9%	22%	-45%	16%	57%
Professional Tax	\$7.4	\$150.6	\$99.8	\$7.2	\$265.0	\$8.9
% change YOY	7%	-4%	21%	27%	5%	20%
Other Businesses	\$41.2	\$73.5	\$63.1	\$40.5	\$218.3	\$51.0
% change YOY	8%	-4%	32%	10%	9%	24%
Total Revenue	\$252.8	\$648.2	\$834.9	\$301.8	\$2,037.7	\$304.1
% change YOY	11%	4%	20%	17%	13%	20%
GAAP Operating Income (Loss)	(\$82.2)	\$218.2	\$422.2	(\$34.2)	\$524.1	(\$102.6)
Non-GAAP Operating Income (Loss) ^(A)	(\$75.2)	\$225.0	\$428.7	(\$27.6)	\$550.9	(\$76.8)
Non-GAAP Operating Margin % ^(A)	NA	35%	51%	NA	27%	NA
Interest and Other Income ^(B)	\$3.9	\$3.0	\$5.7	\$14.2	\$26.7	\$6.3
GAAP Stock Option and ESPP Expense						\$19.1
GAAP EPS Stock Option/ESPP Expense Impact						(\$0.07)
GAAP Diluted EPS	(\$0.24)	\$0.77	\$1.61	(\$0.11)	\$2.03	(\$0.26)
Non-GAAP Diluted EPS^(A)	(\$0.25)	\$0.79	\$1.53	(\$0.08)	\$1.99	(\$0.26)
Basic Share Count	188.3	186.3	183.4	180.3	184.6	177.4
Diluted Share Count	188.3	190.1	186.9	180.3	188.4	177.4
GAAP Tax Rate	42%	34%	30%	NA	33%	37%
Non-GAAP Tax Rate ^(A)	34%	34%	34%	NA	35%	35%

Corporate Metrics			
	Q1/05	FYE/05	Q1/06
Capital Expenditure	\$24.4M	\$69.5M	\$25.1M
Depreciation	\$21.4M	\$100.0M	\$23.1M
Common Stock Outst.	187.2M	179.3M	175.6M
Full Time Employees	7,033	6,915	7,444

Portfolio and Segment Composition	
<u>Small & Medium Business</u>	
QuickBooks Related	
QuickBooks Software	
QuickBooks Standard Payroll	
QuickBooks Enhanced Payroll	
QuickBooks Enhanced Payroll Plus	
Financial Supplies	
Innovative Merchant Solutions	
QuickBooks Support Programs	
QuickBooks Point of Sale	
Intuit-Branded Small Business	
Complete Payroll	
QuickBooks Assisted Payroll	
Premier Payroll	
Intuit Real Estate Solutions (MRI)	
Intuit Distribution Management Solutions (Eclipse)	
Intuit Construction Business Solutions	
Tax	
Consumer Tax	
TurboTax	
Professional Tax	
ProSeries	
Lacerte	
Other	
Other Businesses	
Quicken	
Canada/UK	

Note: All amounts except GAAP EPS exclude information related to Intuit Information Technology Solutions, which we expect to divest in the second quarter of fiscal 2006.

^(A)These are non-GAAP financial measures. See tables B, E1 and E2 of the accompanying press release for reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

^(B)Interest and other income includes \$7.5 million in variable royalty income from the purchaser of our former Quicken Loans business in Q4 FY05.

Business Metrics											
Units in thousands, except where noted	Q1/FY04	Q2/FY04	Q3/FY04	Q4/FY04	FY04	Q1/FY05	Q2/FY05	Q3/FY05	Q4/FY05	FY05	Q1/FY06
QuickBooks Related^[D]											
Simple Start, Basic and Pro Premier units	163	262	312	205	942	152	318	325	223	1,018	203
Premier units	26	62	60	44	192	32	67	53	39	191	31
Enterprise units	1	1	1	2	5	2	3	3	2	10	3
Total QuickBooks software units sold	190	325	373	251	1,139	186	388	381	264	1,219	237
Net increase in Quickbooks software subscriptions ^[E]	1	3	4	2	10	5	54	45	33	137	22
Total Quickbooks software units and increase in subscriptions ^[E]	191	328	377	253	1,149	191	442	426	297	1,356	259
Total Quickbooks software subscription customers ^[E]	12	15	19	21	21	26	80	125	158	158	180
Sell Thru Channel Mix ^[F]											
% of dollars at retail	59%	49%	48%	53%	51%	62%	47%	49%	50%	51%	55%
QuickBooks Retail Share ^[G]											
Unit share FYTD	78%	82%	83%	83%	83%	83%	86%	88%	88%	88%	88%
Dollar share FYTD	85%	89%	90%	91%	91%	89%	90%	92%	91%	91%	91%
QuickBooks do-it-yourself payroll (customers)	753	776	806	807	807	816	837	844	837	837	853
Intuit-Branded Small Business (selected)											
Outsourced Payroll Customers											
Premier	24	23	22	21	21	20	19	17	15	15	15
Branded Outsourced (Assisted & Complete)	45	48	50	51	51	51	53	54	54	54	55
Total Outsourced Payroll Customers	69	71	72	72	72	71	72	71	69	69	70
Consumer Tax^[D]											
Federal TurboTax (millions)											
Desktop units retail	NM	2.4	2.3	NM	4.7	NM	2.6	2.7	NM	5.3	NM
Desktop units direct	NM	1.2	0.5	NM	1.7	NM	1.1	0.6	NM	1.7	NM
Web units paid	NM	0.4	2.4	NM	2.8	NM	0.6	2.7	NM	3.4	NM
Free File Alliance	NM	0.1	0.6	NM	0.7	NM	0.4	1.8	NM	2.2	NM
Total TurboTax federal units	NM	4.1	5.8	NM	9.9	NM	4.7	7.8	NM	12.6	NM
TurboTax Efile returns (millions)	NM	1.3	11.6	0.2	13.1	NM	1.8	14.4	0.1	16.3	NM
Sell-Thru Channel Mix ^[F]											
% of dollars at retail	NM	51%	30%	NM	36%	NM	55%	26%	NM	34%	NM
Federal TurboTax retail share ^[H]											
Unit share FYTD	NM	71%	72%	72%	72%	NM	75%	79%	79%	79%	NM
Dollar share FYTD	NM	81%	82%	82%	82%	NM	81%	85%	85%	85%	NM
Professional Tax											
Professional Tax units	NM	90	7	NM	97	NM	94	12	NM	106	NM
Efile returns (millions)	0.2	0.6	12.7	0.4	13.9	0.7	0.7	15.6	0.6	17.6	1.0

^[D]Sales to end users (sell-through) by Intuit and via retailers and distributors for which Intuit relies on reports from these merchants. These numbers include estimates, including estimates of sales by merchants who do not report sales to Intuit.

^[E] Includes QuickBooks Online Edition, QuickBooks Pro and QuickBooks Premier from Enhanced Payroll Plus subscription units.

^[F] Estimate based on subset of retailers reporting.

^[G] Sources: NPD Group Monthly Retail Software Report through Sept 2005.

^[H] Sources: NPD Group Monthly Retail Software Report through April 2005.

Intuit Facts

FY06 Financial Outlook ^[1], ^[2]

Intuit Inc.

Investor Relations (650) 944-6165

NASDAQ: INTU

Guidance					
(\$ millions)	Guidance Q2 FY06	Guidance Q3 FY06	Guidance Q4 FY06	Guidance FY06	Historical FY05
Revenue:					
<u>Small & Medium Business</u>					
QuickBooks Related				\$806-\$843	\$753.0
% change YOY				7%-12%	15%
Intuit-Branded Small Business				\$242-\$254	\$230.7
% change YOY				5%-10%	11%
<u>Tax</u>					
Consumer Tax				\$628-\$656	\$570.7
% change YOY				10%-15%	16%
Professional Tax				\$265-\$278	\$265.0
% change YOY				0%-5%	5%
Other Businesses				\$229-\$240	\$218.3
% change YOY				5%-10%	9%
Total Revenue ^[1]	\$710-\$750	\$850-\$910	\$300-\$330	\$2,200-\$2,260	\$2,037.7
% change YOY	10%-16%	2%-9%	(1%)-9%	8%-11%	13%
GAAP Operating Income (Loss)	\$226-\$241			\$506-\$526	\$524.1
Non-GAAP Operating Income (Loss) ^[2]	\$250-\$265			\$600-\$620	\$550.9
Non-GAAP Operating Margin % ^[2]	35%			27%-28%	27%
GAAP Diluted EPS^[3], ^[1]	\$0.80-\$0.90	\$1.54-\$1.79	(\$0.23)-(\$0.18)	\$1.99-\$2.07	\$2.03
Non-GAAP Diluted EPS^[4], ^[1]	\$0.88-\$0.98	\$1.62-\$1.87	(\$0.15)-(\$0.10)	\$2.23 - \$2.31	\$1.99
Basic Share Count	181-182			174-176	184.6
Diluted Share Count	181-182			180-182	188.4
GAAP Tax Rate ^[5]	35%			35%	33%
Non-GAAP Tax Rate ^[5]	35%			35%	35%

Portfolio and Segment Composition	
<u>Small & Medium Business</u>	
QuickBooks Related	
QuickBooks Software	
QuickBooks Standard Payroll	
QuickBooks Enhanced Payroll	
QuickBooks Enhanced Payroll Plus	
Financial Supplies	
Innovative Merchant Solutions	
QuickBooks Support Programs	
QuickBooks Point of Sale	
Intuit-Branded Small Business	
Complete Payroll	
QuickBooks Assisted Payroll	
Premier Payroll	
Intuit Real Estate Solutions (MRI)	
Intuit Distribution Management Solutions (Eclipse)	
Intuit Construction Business Solutions	
<u>Tax</u>	
Consumer Tax	
TurboTax	
Professional Tax	
ProSeries	
Lacerte	
<u>Other</u>	
Other Businesses	
Quicken	
Canada/UK	

^[1] All of the numbers provided in the table entitled "Guidance," other than those in the Historical FY05 column, are forward-looking statements.

Please see "Cautions About Forward-Looking Statements" in the pages accompanying this fact sheet for important information to assess when evaluating these statements. Actual future results may differ materially due to a number of risks and uncertainties.

^[2] Excludes results of Intuit Information Technology Solutions (ITS). The figures in the Historical FY05 column exclude \$57.0 million in ITS revenue, \$23.2 million in ITS non-GAAP operating income, \$20.8 million in ITS GAAP operating income and \$0.08 in ITS non-GAAP EPS.

^[3] In accordance with GAAP, EPS includes ITS results for all periods presented. The GAAP tax rate and GAAP EPS for fiscal 2005 also include the reversal of reserves related to potential income tax exposures that have been resolved. The non-GAAP tax rate and Non-GAAP EPS do not reflect the benefit of those reserve reversals.

Table A1
INTUIT INC.
GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	October 31,	October 31,
	2005	2004
Net revenue:		
Product	\$ 182,454	\$ 154,003
Service	104,620	84,157
Other	16,997	14,616
Total net revenue	<u>304,071</u>	<u>252,776</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	32,431	29,844
Cost of service revenue	53,396	39,752
Cost of other revenue	5,852	5,797
Amortization of purchased intangible assets	2,949	2,541
Selling and marketing	147,430	128,546
Research and development	97,280	74,365
General and administrative	63,595	49,641
Acquisition-related charges	3,759	4,441
Total costs and expenses	<u>406,692</u>	<u>334,927</u>
Operating loss from continuing operations	(102,621)	(82,151)
Interest and other income	6,304	3,855
Gains on marketable equity securities and other investments, net	4,267	158
Loss from continuing operations before income taxes	(92,050)	(78,138)
Income tax benefit [A]	(34,439)	(32,641)
Net loss from continuing operations	(57,611)	(45,497)
Net income (loss) from discontinued operations [B]	11,807	(639)
Net loss	<u>\$ (45,804)</u>	<u>\$ (46,136)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.33)	\$ (0.24)
Basic and diluted net income (loss) per share from discontinued operations	0.07	-
Basic and diluted net loss per share	<u>\$ (0.26)</u>	<u>\$ (0.24)</u>
Shares used in basic and diluted per share amounts	<u>177,406</u>	<u>188,346</u>
Share-based compensation expense for stock options and Employee Stock Purchase Plan recorded in accordance with SFAS 123(R) for continuing operations [C]:		
Cost of product revenue	\$ 288	\$ -
Cost of service revenue	637	-
Selling and marketing	6,307	-
Research and development	5,610	-
General and administrative	6,257	-
Total	<u>\$ 19,099</u>	<u>\$ -</u>

See accompanying Notes.

INTUIT INC.
NOTES TO TABLE A1

[A] Due to the seasonal nature of our business, we recorded income tax benefits on pre-tax losses in the three months ended October 31, 2005 and 2004. Our effective tax rate for the three months ended October 31, 2005 was 37% and differed from the federal statutory rate primarily due to state income taxes, which were partially offset by federal and state research and experimentation credits and tax exempt interest income. Our effective tax rate for the three months ended October 31, 2004 was 42% and differed from the federal statutory rate due in part to the retroactive extension of federal research and experimental credits and to the impact of recognizing these benefits in a quarter in which we had a net loss. We also benefited from federal research and experimental credits, tax exempt interest income and various state tax credits. These benefits were partially offset by state taxes.

[B] In May 2005 our Board of Directors formally approved a plan to sell our Intuit Information Technology Solutions (ITS) business and in October 2005 we signed a definitive agreement to sell ITS, subject to closing conditions, for approximately \$200 million in cash. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, we determined that ITS became a long-lived asset held for sale in the fourth quarter of fiscal 2005. SFAS 144 provides that a long-lived asset classified as held for sale should be measured at the lower of its carrying amount or fair value less cost to sell. Since the carrying value of ITS at October 31, 2005 was less than the fair value less cost to sell, no adjustment to the carrying value of this long-lived asset was necessary during the first quarter of fiscal 2006. In accordance with SFAS 144, we discontinued the amortization of ITS intangible assets and the depreciation of ITS property and equipment in the fourth quarter of fiscal 2005.

Also in accordance with the provisions of SFAS 144, we determined that ITS became a discontinued operation in the fourth quarter of fiscal 2005. Consequently, we have segregated the net assets, operating results and cash flows of ITS from continuing operations on our balance sheets, statements of operations and statements of cash flows for all periods presented. Revenue for ITS was \$14.4 million and \$13.2 million for the three months ended October 31, 2005 and 2004. Income before income taxes for ITS was \$5.8 million and \$4.9 million for the same periods.

In December 2004 we sold our Intuit Public Sector Solutions (IPSS) business for approximately \$11 million. In accordance with SFAS 144, "*Accounting for the Impairment or Disposal of Long-lived Assets*," we determined that IPSS became a long-lived asset held for sale and a discontinued operation in the first quarter of fiscal 2005. Consequently, we have segregated the net assets, operating results and cash flows of IPSS from continuing operations on our balance sheets, statements of operations and statements of cash flows for all periods prior to the sale. Also in accordance with SFAS 144, we discontinued the amortization of IPSS purchased intangible assets in the first quarter of fiscal 2005.

Revenue and loss before income taxes for IPSS were \$2.8 million and \$0.5 million for the three months ended October 31, 2004. The net loss from IPSS discontinued operations for the three months ended October 31, 2004 also included an income tax provision of \$3.4 million for the estimated tax payable in connection with the expected tax gain on the sale of IPSS.

[C] Prior to August 1, 2005, we accounted for our share-based employee compensation plans under the measurement and recognition provisions of Accounting Principles Board (APB) Opinion No. 25, "*Accounting for Stock Issued to Employees*." In accordance with APB 25, we recorded no share-based compensation expense for stock options or purchases of common stock under our Employee Stock Purchase Plan in fiscal periods prior to that date. Effective August 1, 2005, we adopted the fair value recognition provisions of SFAS 123(R), "*Share-Based Payment*," using the modified prospective transition method. Accordingly, we began recording compensation expense for stock options and purchases under our Employee Stock Purchase Plan on that date. Results for prior periods have not been restated.

INTUIT INC.
ABOUT NON-GAAP FINANCIAL MEASURES

Table A2 contains non-GAAP financial measures. Table B reconciles the non-GAAP financial measures in Table A2 to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). Tables E1 and E2 reconcile the non-GAAP financial measures found in the accompanying document entitled “Intuit Facts” to the most directly comparable financial measures prepared in accordance with GAAP.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies.

Intuit’s management believes that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit’s operating results because they exclude amounts that are not related to Intuit’s core operating results and facilitate the comparison of results for current periods and guidance for future periods with results for past periods. The following items have been excluded from our non-GAAP financial measures.

- *Share-based compensation expenses.* Our non-GAAP financial measures exclude share-based compensation expense for stock options and purchases of common stock under our Employee Stock Purchase Plan that Intuit began recording under SFAS 123(R) in the first quarter of fiscal 2006. We exclude these amounts from our non-GAAP financial measures in order to facilitate the comparison of guidance for future periods with results for past periods, which did not include these share-based compensation expenses. We also exclude these amounts from our non-GAAP financial measures because they are non-cash expenses. We deduct share-based compensation expense recorded in accordance with SFAS 123(R) from our GAAP cost of revenue, selling and marketing expense, research and development expense and general and administrative expense. We continue to include the compensation expense associated with restricted stock awards in both our GAAP and non-GAAP financial measures. SFAS 123(R) did not change the method of accounting for restricted stock. We compute weighted average dilutive shares using the method required by SFAS 123(R) for both GAAP and non-GAAP diluted net income per share.
- *Amortization of purchased intangible assets, acquisition-related charges, charges for purchased research and development, and loss on impairment of goodwill and purchased intangible assets.* In accordance with GAAP, amortization of purchased intangible assets in cost of revenue includes amortization of software and other technology assets related to acquisitions and acquisition-related charges in operating expenses includes amortization of other purchased intangible assets such as customer lists and covenants not to compete. GAAP operating income or loss also includes charges for in-process research and development that we obtain in connection with acquisitions as well as losses on impairment of goodwill and other purchased intangible assets. We exclude these items from our non-GAAP operating income or loss because we believe that excluding these items facilitates comparisons to our historical core operating results and to the results of other companies in our industry, which have their own unique acquisition histories.
- *Gains and losses on marketable equity securities and other investments.* We exclude these amounts from our non-GAAP net income or loss because they are unrelated to our core business operating results.
- *Income taxes.* Our historical non-GAAP effective tax rates differ from our GAAP effective tax rates for those periods because non-GAAP income tax expense or benefit excludes certain GAAP discrete tax items, including the reversal of reserves related to potential income tax exposures that have been resolved. We exclude the impact of these discrete tax items from our non-GAAP income tax provision or benefit because they are not indicative of our ongoing business operations.
- *Operating results and gains and losses on the sale of discontinued operations.* From time to time, we sell or otherwise dispose of selected operations as we adjust our portfolio of businesses to meet our strategic goals. In accordance with GAAP, we segregate the operating results of discontinued operations as well as gains and losses on the sale of these discontinued operations from continuing operations on our GAAP statements of operations but continue to include them in GAAP net income or loss and net income or loss per share. We exclude these amounts from our non-GAAP net income or loss and net income or loss per share because they are unrelated to our ongoing business operations.

Intuit’s management refers to these non-GAAP financial measures in assessing the performance of Intuit’s ongoing operations and for planning and forecasting in future periods. These non-GAAP financial measures also facilitate management’s internal comparisons to Intuit’s historical operating results. Intuit has historically reported similar non-GAAP financial measures and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Intuit computes non-GAAP financial measures using the same consistent method from quarter to quarter and year to year.

The reconciliations of the forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures in Table E1 include all information reasonably available to Intuit at the date of this press release. These tables include adjustments that management can reasonably predict. Events that could cause the reconciliation to change include acquisitions and divestitures of businesses, goodwill and other asset impairments and sales of marketable equity securities.

Table A2
INTUIT INC.
NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS DATA
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	October 31, 2005	October 31, 2004
Net revenue:		
Product	\$ 182,454	\$ 154,003
Service	104,620	84,157
Other	16,997	14,616
Total net revenue	<u>304,071</u>	<u>252,776</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	32,143	29,844
Cost of service revenue	52,759	39,752
Cost of other revenue	5,852	5,797
Selling and marketing	141,123	128,546
Research and development	91,670	74,365
General and administrative	57,338	49,641
Total costs and expenses	<u>380,885</u>	<u>327,945</u>
Loss from operations	(76,814)	(75,169)
Interest and other income	6,304	3,855
Loss before income taxes	(70,510)	(71,314)
Income tax benefit	(24,679)	(24,247)
Net loss	<u>\$ (45,831)</u>	<u>\$ (47,067)</u>
Basic and diluted net loss per share	<u>\$ (0.26)</u>	<u>\$ (0.25)</u>
Shares used in basic and diluted per share amounts	<u>177,406</u>	<u>188,346</u>

Table B
INTUIT INC.
RECONCILIATION OF NON-GAAP STATEMENTS OF OPERATIONS DATA
TO GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended October 31, 2005			Three Months Ended October 31, 2004		
	Non- GAAP	Adjmts	GAAP	Non- GAAP	Adjmts	GAAP
Net revenue:						
Product	\$ 182,454	\$ -	\$ 182,454	\$ 154,003	\$ -	\$ 154,003
Service	104,620	-	104,620	84,157	-	84,157
Other	16,997	-	16,997	14,616	-	14,616
Total net revenue	<u>304,071</u>	<u>-</u>	<u>304,071</u>	<u>252,776</u>	<u>-</u>	<u>252,776</u>
Costs and expenses:						
Cost of revenue:						
Cost of product revenue	32,143	288 [a]	32,431	29,844	-	29,844
Cost of service revenue	52,759	637 [a]	53,396	39,752	-	39,752
Cost of other revenue	5,852	-	5,852	5,797	-	5,797
Amortization of purchased intangible assets	-	2,949 [b]	2,949	-	2,541 [b]	2,541
Selling and marketing	141,123	6,307 [a]	147,430	128,546	-	128,546
Research and development	91,670	5,610 [a]	97,280	74,365	-	74,365
General and administrative	57,338	6,257 [a]	63,595	49,641	-	49,641
Acquisition-related charges	-	3,759 [c]	3,759	-	4,441 [c]	4,441
Total costs and expenses	<u>380,885</u>	<u>25,807</u>	<u>406,692</u>	<u>327,945</u>	<u>6,982</u>	<u>334,927</u>
Operating loss from continuing operations	(76,814)	(25,807)	(102,621)	(75,169)	(6,982)	(82,151)
Interest and other income	6,304	-	6,304	3,855	-	3,855
Gains on marketable equity securities and other investments, net	-	4,267 [d]	4,267	-	158 [d]	158
Loss from continuing operations before income taxes	(70,510)	(21,540)	(92,050)	(71,314)	(6,824)	(78,138)
Income tax benefit	(24,679)	(9,760) [e]	(34,439)	(24,247)	(8,394) [e]	(32,641)
Net loss from continuing operations	(45,831)	(11,780)	(57,611)	(47,067)	1,570	(45,497)
Net income (loss) from discontinued operations	-	11,807 [f]	11,807	-	(639) [f]	(639)
Net loss	<u>\$ (45,831)</u>	<u>\$ 27</u>	<u>\$ (45,804)</u>	<u>\$ (47,067)</u>	<u>\$ 931</u>	<u>\$ (46,136)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.26)		\$ (0.33)	\$ (0.25)		\$ (0.24)
Basic and diluted net income (loss) per share from discontinued operations	-		0.07	-		-
Basic and diluted net loss per share	<u>\$ (0.26)</u>		<u>\$ (0.26)</u>	<u>\$ (0.25)</u>		<u>\$ (0.24)</u>
Shares used in basic and diluted per share amounts	<u>177,406</u>		<u>177,406</u>	<u>188,346</u>		<u>188,346</u>

See "About Non-GAAP Financial Measures" immediately preceding Table A2 for more information on these non-GAAP adjustments.

- [a] Adjustment to exclude share-based compensation expense for stock options and purchases under our Employee Stock Purchase Plan that we began recording under SFAS 123(R) in the first quarter of fiscal 2006 from non-GAAP financial measures.
- [b] Adjustment to exclude amortization of purchased intangible assets from non-GAAP financial measures.
- [c] Adjustment to exclude acquisition-related charges from non-GAAP financial measures.
- [d] Adjustment to exclude net gains on marketable equity securities and other investments from non-GAAP financial measures.
- [e] Adjustment to reflect the tax effects of items [a] through [d] and to exclude certain GAAP discrete tax items.
- [f] Adjustment to exclude net income or loss from discontinued operations from non-GAAP financial measures.

Table C
INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	October 31, 2005	July 31, 2005
ASSETS	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 74,974	\$ 83,842
Investments	622,330	910,416
Accounts receivable, net	73,226	86,125
Income taxes receivable	71,520	38,665
Deferred income taxes	61,460	54,854
Prepaid expenses and other current assets	72,078	60,610
Current assets of discontinued operations	<u>20,716</u>	<u>21,989</u>
Current assets before funds held for payroll customers	996,304	1,256,501
Funds held for payroll customers	<u>345,432</u>	<u>357,838</u>
Total current assets	1,341,736	1,614,339
Property and equipment, net	210,974	208,548
Goodwill, net	509,884	509,499
Purchased intangible assets, net	71,611	69,678
Long-term deferred income taxes	109,347	118,475
Loans to executive officers and other employees	9,245	9,245
Other assets	32,889	30,078
Long-term assets of discontinued operations	<u>156,680</u>	<u>156,589</u>
Total assets	<u>\$ 2,442,366</u>	<u>\$ 2,716,451</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 96,928	\$ 65,812
Accrued compensation and related liabilities	80,536	144,823
Deferred revenue	274,315	279,382
Income taxes payable	13,707	30,423
Other current liabilities	94,072	103,131
Current liabilities of discontinued operations	<u>19,839</u>	<u>21,995</u>
Current liabilities before payroll customer fund deposits	579,397	645,566
Payroll customer fund deposits	<u>345,432</u>	<u>357,838</u>
Total current liabilities	924,829	1,003,404
Long-term obligations	16,693	17,308
Long-term obligations of discontinued operations	221	240
Stockholders' equity	<u>1,500,623</u>	<u>1,695,499</u>
Total liabilities and stockholders' equity	<u>\$ 2,442,366</u>	<u>\$ 2,716,451</u>

Table D
INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	October 31, 2005	October 31, 2004
Cash flows from operating activities:		
Net loss	\$ (45,804)	\$ (46,136)
Net (income) loss from discontinued operations	(11,807)	639
Net loss from continuing operations	(57,611)	(45,497)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation	23,145	21,410
Acquisition-related charges	3,759	4,441
Amortization of purchased assets	2,949	2,541
Amortization of other purchased intangible assets	2,031	1,883
Share-based compensation - restricted stock	1,325	1,625
Share-based compensation - all other	19,099	-
(Gain) loss on disposal of property and equipment	34	(126)
Amortization of premiums and discounts on available-for-sale debt securities	1,094	3,466
Net realized loss on sales of available-for-sale debt securities	380	1,297
Net gains on marketable equity securities and other investments	(4,267)	(158)
Deferred income taxes	2,520	(10,920)
Tax benefit from employee stock options	1,583	5,153
Gain on foreign exchange transactions	(15)	(327)
Subtotal	<u>(3,974)</u>	<u>(15,212)</u>
Changes in operating assets and liabilities:		
Accounts receivable	12,921	21,513
Prepaid expenses, taxes, and other current assets	(38,494)	(96,389)
Accounts payable	30,665	13,665
Accrued compensation and related liabilities	(64,399)	(60,254)
Deferred revenue	(5,237)	(2,037)
Income taxes payable	(16,771)	48,700
Other current liabilities	(9,471)	(2,218)
Total changes in operating assets and liabilities	<u>(90,786)</u>	<u>(77,020)</u>
Net cash used in operating activities of continuing operations	(94,760)	(92,232)
Net cash provided by operating activities of discontinued operations	10,981	4,846
Net cash used in operating activities	(83,779)	(87,386)
Cash flows from investing activities:		
Purchases of available-for-sale debt securities	(289,119)	(667,184)
Liquidation and maturity of available-for-sale debt securities	575,844	948,003
Net change in funds held for payroll customers' money market funds and other cash equivalents	12,406	(10,057)
Purchases of property and equipment	(25,057)	(24,397)
Change in other assets	(4,454)	(4,886)
Net change in payroll customer funds deposits	(12,406)	10,057
Acquisitions of intangible assets	(10,148)	-
Net cash provided by investing activities	247,066	251,536
Cash flows from financing activities:		
Change in long-term obligations	(634)	(624)
Net proceeds from issuance of common stock under stock plans	21,468	30,958
Purchase of treasury stock	(194,800)	(170,562)
Excess tax benefit from employee stock options	939	-
Net cash used in financing activities	(173,027)	(140,228)
Effect of exchange rates on cash and cash equivalents	872	877
Net increase (decrease) in cash and cash equivalents	(8,868)	24,799
Cash and cash equivalents at beginning of period	83,842	25,992
Cash and cash equivalents at end of period	\$ 74,974	\$ 50,791

Table E1
INTUIT INC.
RECONCILIATION OF FORWARD-LOOKING GUIDANCE FOR NON-GAAP FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME, AND EPS
(All Figures Except GAAP EPS Exclude Intuit Information Technology Solutions)
(In thousands, except per share amounts)
(Unaudited)

	Forward-Looking Guidance				
	Non-GAAP		Adjustments	GAAP	
	Range of Estimate			Range of Estimate	
	From	To		From	To
Three Months Ending					
January 31, 2006					
Revenue	\$ 710,000	\$ 750,000	\$ -	\$ 710,000	\$ 750,000
Operating income	250,000	265,000	(24,500) [a]	225,500	240,500
Diluted earnings per share	\$ 0.88	\$ 0.98	\$ (0.08) [b]	\$ 0.80	\$ 0.90
Shares	181,000	182,000	-	181,000	182,000
Three Months Ending					
April 30, 2006					
Revenue	\$ 850,000	\$ 910,000	\$ -	\$ 850,000	\$ 910,000
Diluted earnings per share	\$ 1.62	\$ 1.87	\$ (0.08) [c]	\$ 1.54	\$ 1.79
Three Months Ending					
July 31, 2006					
Revenue	\$ 300,000	\$ 330,000	\$ -	\$ 300,000	\$ 330,000
Diluted loss per share	\$ (0.15)	\$ (0.10)	\$ (0.08) [d]	\$ (0.23)	\$ (0.18)
Twelve Months Ending					
July 31, 2006					
Revenue	\$ 2,200,000	\$ 2,260,000	\$ -	\$ 2,200,000	\$ 2,260,000
Operating income	600,000	620,000	(94,200) [e]	505,800	525,800
Diluted earnings per share	\$ 2.23	\$ 2.31	\$ (0.24) [f]	\$ 1.99	\$ 2.07
Shares	180,000	182,000	-	180,000	182,000

- [a] Reflects estimated adjustments for amortization of purchased intangible assets of approximately \$2.4 million, acquisition-related charges of approximately \$3.8 million and share-based compensation expense of approximately \$18.3 million.
- [b] Reflects the adjustments in item [a], the income tax benefit related to these adjustments and estimated net income from discontinued operations of \$1.2 million.
- [c] Reflects estimated adjustments for amortization of purchased intangible assets of approximately \$1.9 million, acquisition-related charges of approximately \$3.5 million, share-based compensation expense of approximately \$16.8 million and the income tax benefit related to these adjustments.
- [d] Reflects estimated adjustments for amortization of purchased intangible assets of approximately \$1.9 million, acquisition-related charges of approximately \$3.0 million, share-based compensation expense of approximately \$16.8 million and the income tax benefit related to these adjustments.
- [e] Reflects estimated adjustments for amortization of purchased intangible assets of approximately \$9.2 million, acquisition-related charges of approximately \$14.1 million and share-based compensation expense of approximately \$70.9 million.
- [f] Reflects the adjustments in item [e], the income tax benefit related to these adjustments and estimated net income from discontinued operations of \$13.0 million.

TABLE E2
INTUIT INC.
RECONCILIATION OF SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES
TO MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES
(In thousands, except per share amounts)
(Unaudited)

	<u>Non- GAAP</u>	<u>Adjustments</u>	<u>GAAP</u>
Three months ended October 31, 2004			
Operating loss	\$ (75,169)	\$ (6,982) [a]	\$ (82,151)
Diluted loss per share	\$ (0.25)	\$ 0.01 [b]	\$ (0.24)
Three months ended January 31, 2005			
Operating income	\$ 224,983	\$ (6,795) [c]	\$ 218,188
Diluted earnings per share	\$ 0.79	\$ (0.02) [d]	\$ 0.77
Three months ended April 30, 2005			
Operating income	\$ 428,722	\$ (6,508) [e]	\$ 422,214
Diluted earnings per share	\$ 1.53	\$ 0.08 [f]	\$ 1.61
Three months ended July 31, 2005			
Operating loss	\$ (27,642)	\$ (6,511) [g]	\$ (34,153)
Diluted loss per share	\$ (0.08)	\$ (0.03) [h]	\$ (0.11)
Twelve months ended July 31, 2005			
Operating income	\$ 550,894	\$ (26,796) [i]	\$ 524,098
Diluted earnings per share	\$ 1.99	\$ 0.04 [j]	\$ 2.03
Three months ended October 31, 2005			
Operating loss	\$ (76,814)	\$ (25,807) [k]	\$ (102,621)
Diluted loss per share	\$ (0.26)	\$ - [l]	\$ (0.26)

- [a] Reflects adjustments to exclude amortization of purchased intangible assets of \$2.6 million and acquisition-related charges of \$4.4 million.
- [b] Reflects the adjustments in item [a], an adjustment for net gains on marketable securities of \$0.2 million and income taxes related to these adjustments. Also reflects an adjustment to exclude certain GAAP tax benefits as well as net loss from discontinued operations of \$0.6 million.
- [c] Reflects adjustments to exclude amortization of purchased intangible assets of \$2.6 million and acquisition-related charges of \$4.2 million.
- [d] Reflects the adjustments in item [c], an adjustment for net gains on marketable securities of \$0.1 million and income taxes related to these adjustments as well as net income from discontinued operations of \$2.3 million.
- [e] Reflects adjustments to exclude amortization of purchased intangible assets of \$2.5 million and acquisition-related charges of \$4.0 million.
- [f] Reflects the adjustments in item [e], an adjustment for net gains on marketable securities of \$0.1 million and income taxes related to these adjustments. Also reflects adjustments to exclude certain tax benefits as well as net income from discontinued operations of \$2.4 million.
- [g] Reflects adjustments to exclude amortization of purchased intangible assets of \$2.5 million and acquisition-related charges of \$4.0 million.
- [h] Reflects the adjustments in item [g], an adjustment for net gains on marketable securities of \$4.9 million and income taxes related to these adjustments as well as net income from discontinued operations of \$2.6 million.
- [i] Reflects adjustments to exclude amortization of purchased intangible assets of \$10.3 million and acquisition-related charges of \$16.5 million.
- [j] Reflects the adjustments in item [i], an adjustment for net gains on marketable securities of \$5.2 million and income taxes related to these adjustments. Also reflects adjustments to exclude certain tax benefits as well as net income from discontinued operations of \$6.6 million.
- [k] Reflects adjustments to exclude share-based compensation expense for stock options and purchases under our Employee Stock Purchase Plan recorded in accordance with SFAS 123(R) of \$19.1 million, amortization of purchased intangible assets of \$2.9 million and acquisition-related charges of \$3.8 million.
- [l] Reflects the adjustments in item [k], an adjustment for net gains on marketable securities of \$4.3 million and income taxes related to these adjustments. Also reflects an adjustment to exclude net income from discontinued operations of \$11.8 million.