

Intuit Facts

Q4/FY06 & FY05

Intuit Inc.

Investor Relations (650) 944-6165

NASDAQ: INTU

Financial Summary										
(\$ millions), except per share data										
	Q1 FY05	Q2 FY05	Q3 FY05	Q4 FY05	FY05	Q1 FY06	Q2 FY06	Q3 FY06	Q4 FY06	FY06
Revenue:										
Small Business										
QuickBooks Related	\$145.6	\$222.3	\$196.6	\$188.4	\$753.0	\$178.1	\$259.0	\$211.6	\$213.1	\$861.7
% change YOY	12%	10%	16%	23%	15%	22%	16%	8%	13%	14%
Intuit-Branded Small Business	\$53.5	\$60.7	\$56.4	\$60.2	\$230.7	\$58.2	\$69.6	\$63.2	\$60.6	\$251.5
% change YOY	14%	9%	9%	14%	11%	9%	15%	12%	1%	9%
Tax										
Consumer Tax	\$5.0	\$141.1	\$419.0	\$5.6	\$570.7	\$7.9	\$190.3	\$499.3	\$13.0	\$710.5
% change YOY	-3%	9%	22%	-45%	16%	57%	35%	19%	134%	25%
Professional Tax	\$7.4	\$150.6	\$99.8	\$7.2	\$265.0	\$8.9	\$150.5	\$104.7	\$8.7	\$272.9
% change YOY	7%	-4%	21%	27%	5%	20%	0%	5%	22%	3%
Other Businesses	\$41.2	\$73.5	\$63.1	\$40.5	\$218.3	\$51.0	\$73.3	\$73.9	\$47.5	\$245.7
% change YOY	8%	-4%	32%	10%	9%	24%	0%	17%	17%	13%
Total Revenue	\$252.8	\$648.2	\$834.9	\$301.8	\$2,037.7	\$304.1	\$742.7	\$952.6	\$342.9	\$2,342.3
% change YOY	11%	4%	20%	17%	13%	20%	15%	14%	14%	15%
GAAP Operating Income (Loss)	(\$82.2)	\$218.2	\$422.2	(\$34.2)	\$524.1	(\$102.6)	\$239.0	\$480.1	(\$56.9)	\$559.5
Non-GAAP Operating Income (Loss) ^[A]	(\$73.5)	\$226.6	\$429.8	(\$26.5)	\$556.4	(\$75.5)	\$263.0	\$502.9	(\$36.3)	\$654.1
Non-GAAP Operating Margin % ^[A]	NA	35%	51%	NA	27%	NA	35%	53%	NA	28%
Interest and Other Income ^[B]	\$3.9	\$3.0	\$5.7	\$14.1	\$26.6	\$6.3	\$5.6	\$9.1	\$19.7	\$40.7
GAAP Share Based Compensation Expense	\$1.6	\$1.6	\$1.1	\$1.1	\$5.5	\$20.4	\$17.7	\$17.2	\$16.0	\$71.4
GAAP EPS Share Based Compensation Expense					(\$0.01)	(\$0.04)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.12)
GAAP Diluted EPS^[C]	(\$0.12)	\$0.39	\$0.80	(\$0.06)	\$1.01	(\$0.13)	\$0.50	\$0.84	(\$0.06)	\$1.16
Non-GAAP Diluted EPS^{[A][C]}	(\$0.12)	\$0.40	\$0.77	(\$0.04)	\$1.01	(\$0.13)	\$0.48	\$0.89	(\$0.03)	\$1.21
Basic Share Count	376.7	372.7	366.8	360.5	369.2	354.8	350.3	343.7	342.5	347.9
Diluted Share Count	376.7	380.2	373.8	360.5	376.8	354.8	363.6	355.9	342.5	360.5
GAAP Tax Rate ^[C]	42%	34%	30%	NA	33%	37%	37%	39%	43%	38%
Capital Expenditures					\$69.5M					\$82.1M
Depreciation					\$100.0M					\$94.2M

Note: All amounts except GAAP EPS exclude information related to Intuit Information Technology Solutions, which we sold 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 and the reasons management uses each measure.

^[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 and Q4 FY06.

^[C]In accordance with GAAP, diluted EPS includes ITS results for all periods presented. The GAAP tax rate and GAAP diluted EPS for fiscal 2005 also include the reversal of reserves related to potential income tax exposures that have been resolved. Non-GAAP EPS does not reflect the benefit of those reserve reversals. The effective tax rates used to calculate non-GAAP EPS were as follows:

34% for Q1 FY05, Q2 FY05 and Q3 FY05; 35% for full fiscal 2005, Q1 FY06 and Q2 FY06; 38% for Q3 FY06; and 37% for Q4 FY06 and for full FY06.

Historical Segments: QuickBooks Related - QuickBooks Software, QuickBooks Payroll, Financial Supplies, Innovative Merchant Solutions; Intuit-Branded Small Business - Outsourced Payroll,

Intuit Real Estate Solutions, Intuit Distribution Management Solutions, Intuit Construction Business Solutions; Consumer Tax - TurboTax; Professional Tax - ProSeries, Lacerte; Other Businesses - Quicken, Canada/UK

Business Metrics											
Units in thousands, except where noted	FY04	Q1/FY05	Q2/FY05	Q3/FY05	Q4/FY05	FY05	Q1/FY06	Q2/FY06	Q3/FY06	Q4/FY06	FY06
QuickBooks Related^[D]											
Simple Start, Basic, and Pro	942	152	351	353	241	1,097	213	414	370	232	1,229
Premier	192	32	80	63	46	221	36	107	79	55	277
Enterprise	5	2	3	3	2	10	3	3	3	3	12
QuickBooks Online Edition	10	5	8	7	8	28	7	8	8	6	29
Total QuickBooks software units sold	1,149	191	442	426	297	1,356	259	532	460	295	1,546
QuickBooks Desktop subscriptions	0	0	46	84	109	109	124	142	151	155	155
QuickBooks Online Edition subscriptions	21	26	34	41	49	49	56	64	72	78	78
Total QuickBooks Software subscriptions ^[E]	21	26	80	125	158	158	180	206	223	233	233
QuickBooks Retail Share^[F]											
Unit share FYTD	83%	83%	86%	88%	88%	88%	85%	90%	90%	89%	89%
Dollar share FYTD	91%	89%	90%	92%	91%	91%	89%	92%	92%	92%	92%
Merchant Account Services customers	106	114	120	123	127	127	139	148	159	167	167
QuickBooks Do-It-Yourself Payroll customers	807	816	837	844	837	837	853	881	890	892	892
Intuit-Branded Small Business (selected)											
Outsourced Payroll Customers											
Premier	21	20	19	17	15	15	15	14	13	13	13
Branded Outsourced (Assisted & Complete)	51	51	53	54	54	54	55	59	61	62	62
Total Outsourced Payroll Customers	72	71	72	71	69	69	70	73	74	75	75
Consumer Tax											
Federal TurboTax (millions)											
Desktop units retail	4.7	NM	2.6	2.7	NM	5.3	NM	2.5	3.0	NM	5.5
Desktop units direct	1.7	NM	1.1	0.6	NM	1.7	NM	1.0	0.6	NM	1.6
Web units paid	2.8	NM	0.6	2.7	NM	3.4	NM	0.9	4.3	0.1	5.3
Free File Alliance	0.7	NM	0.4	1.8	NM	2.2	NM	0.2	1.2	NM	1.4
Total TurboTax federal units	9.9	NM	4.7	7.8	NM	12.6	NM	4.7	9.0	0.1	13.8
Federal TurboTax retail share^[G]											
Unit share FYTD	72%	NM	80%	79%	79%	79%	NM	80%	79%	79%	79%
Dollar share FYTC	82%	NM	85%	85%	85%	85%	NM	86%	85%	85%	85%
Professional Tax											
Professional Tax units	97	NM	94	12	NM	106	NM	100	11	1	112

^[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.

These numbers reflect total QuickBooks purchases for the period, including subscription purchases.

^[E]Includes QuickBooks Online Edition, QuickBooks Pro and QuickBooks Premier from Enhanced Payroll Plus subscription units. This represents the cumulative base of QuickBooks subscribers. Subscription units sold in any particular period are a subset of total QuickBooks software units sold in that period.

^[F]Sources: NPDP Group Monthly Retail Software Report through June 2006.

^[G]Sources: NPDP Group Monthly Retail Software Report through April 2006.

Intuit Facts

FY07 Financial Outlook

Guidance^[H]						
(\$ millions), except per share data	Q1 FY07	Q2 FY07	Q3 FY07	Q4 FY07	FY07	Historical FY06
Revenue:						
Small Business						
QuickBooks					\$577-\$599	\$534.6
% change YOY					8%-12%	6%
Payroll & Payments					\$517-\$536	\$462.0
% change YOY					12%-16%	24%
Tax						
Consumer Tax					\$782-\$817	\$710.5
% change YOY					10%-15%	25%
Professional Tax					\$273-\$287	\$272.9
% change YOY					0%-5%	3%
Other Businesses					\$362-\$380	\$362.3
% change YOY					0%-5%	11%
Total Revenue	\$335-\$350	\$743-\$760	\$1,075-\$1,105	\$355-\$370	\$2,525-\$2,575	\$2,342.3
% change YOY	10%-15%	0%-2%	13%-16%	4%-8%	8%-10%	15%
GAAP Operating Income (Loss)	(\$114)-(\$99)				\$620-\$646	\$559.5
Non-GAAP Operating Income (Loss) ^[I]	(\$90)-(\$75)				\$720-\$746	\$654.1
Non-GAAP Operating Margin % ^[I]	NA				28%-29%	28%
Interest and Other Income ^[J]						\$40.7
GAAP Share Based Compensation Expense						\$71.4
GAAP EPS Share Based Compensation Expense						(\$0.12)
GAAP Diluted EPS^[K]	(\$0.18)-(\$0.16)	\$0.34-\$0.37	\$1.04-\$1.08	(\$0.09)-(\$0.07)	\$1.18-\$1.22	\$1.16
Non-GAAP Diluted EPS^[K]	(\$0.14)-(\$0.12)	\$0.39-\$0.42	\$1.08-\$1.12	(\$0.04)-(\$0.02)	\$1.36-\$1.40	\$1.21
Basic Share Count	346-348				343-345	347.9
Diluted Share Count	NA				354-356	360.5
GAAP Tax Rate ^[K]	37%				37%	38%

Note: All amounts except GAAP EPS for FY06 exclude information related to Intuit Information Technology Solutions, which we sold in the second quarter of fiscal 2006.

^[H]All of the numbers provided in the table entitled "Guidance," are forward-looking statements. Please see "Cautions About Forward-Looking Statements" in the accompanying press release for important information to assess when evaluating these statements. Actual future results may differ materially due to a number of risks and uncertainties.

^[I]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 and the reasons management uses each measure.

^[J]Interest and other income includes \$7.5 million in variable royalty income from the purchaser of our former Quicken Loans business in Q4 FY06.

^[K]In accordance with GAAP, diluted EPS includes ITS results for all periods presented. The effective tax rates used to calculate non-GAAP EPS were as follows:
35% for Q1 FY06 and Q2 FY06; 38% for Q3 FY06; 37% for Q4 FY06 and for full year FY06.

New Segments: QuickBooks - QuickBooks Software, Financial Supplies; Payroll & Payments - DIY Payroll, Assisted/Outsourced Payroll, Innovative Merchant Solution;
Consumer Tax - TurboTax; Professional Tax - ProSeries, Lacerte; Other Businesses - IDMS, IRES, Quicken

Cautions About Forward-Looking Statements

This press release contains forward-looking statements, including forecasts of Intuit's expected financial results; its prospects for the business in fiscal 2007 and beyond; all of the statements under the headings "Forward-Looking Guidance for Fiscal 2007," "Forward-Looking Guidance and New Business Segments" and "Forward-Looking Guidance for First-Quarter 2007;" and all information under the heading "Guidance" on the attached fact sheet.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: product introductions and price competition from our competitors, including Microsoft, can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities regulating the filing of tax returns could negatively affect our operating results and market position; we may not be able to successfully introduce new products and services to meet our growth and profitability objectives, and current and future products and services may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; any failure to maintain reliable and responsive service levels for our offerings could cause us to lose customers and negatively impact our revenues and profitability; any significant product quality problems or delays in our products could harm our revenue, earnings and reputation, our participation in the Free File Alliance may result in lost revenue due to potential customers filing free federal tax returns and electing not to pay for state filing or other services and cannibalization of our traditional paid franchise; any failure to properly use and protect personal customer information could harm our revenue, earnings and reputation; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; predicting tax-related revenues is challenging due to the heavy concentration of activity in a short time period; we have implemented, and are continuing to upgrade, new information systems and any problems with these new systems could interfere with our ability to ship and deliver products and gather information to effectively manage our business; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2005 and in our other SEC filings.

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You can locate these reports through our Web site at http://www.intuit.com/about_intuit/investors. Forward-looking statements are based on information as of Aug. 22, 2006, and we do not undertake any duty to update any forward-looking statement or other information in this presentation.

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

	Three Months Ended		Twelve Months Ended	
	July 31, 2006	July 31, 2005	July 31, 2006	July 31, 2005
Net revenue:				
Product	\$ 191,902	\$ 176,762	\$ 1,351,636	\$ 1,242,693
Service	126,274	102,130	910,506	724,049
Other	24,749	22,927	80,161	70,961
Total net revenue	<u>342,925</u>	<u>301,819</u>	<u>2,342,303</u>	<u>2,037,703</u>
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	28,351	25,928	176,188	164,551
Cost of service revenue	60,606	46,633	229,435	183,969
Cost of other revenue	2,490	6,297	20,566	24,133
Amortization of purchased intangible assets	1,901	2,542	9,902	10,251
Selling and marketing	132,069	123,369	664,056	583,408
Research and development	104,284	75,536	398,983	305,241
General and administrative	67,391	51,698	270,292	225,507
Acquisition-related charges	2,747	3,969	13,337	16,545
Total costs and expenses	<u>399,839</u>	<u>335,972</u>	<u>1,782,759</u>	<u>1,513,605</u>
Operating income (loss) from continuing operations	(56,914)	(34,153)	559,544	524,098
Interest and other income	22,098	14,072	43,038	26,636
Gains on marketable equity securities and other investments, net	256	4,883	7,629	5,225
Income (loss) from continuing operations before income taxes	(34,560)	(15,198)	610,211	555,959
Income tax provision (benefit) [A]	(15,774)	7,467	232,090	181,074
Minority interest	68	(98)	691	(98)
Net income (loss) from continuing operations	(18,854)	(22,567)	377,430	374,983
Net income from discontinued operations [B]	-	2,571	39,533	6,644
Net income (loss)	<u>\$ (18,854)</u>	<u>\$ (19,996)</u>	<u>\$ 416,963</u>	<u>\$ 381,627</u>
Basic net income (loss) per share from continuing operations	\$ (0.06)	\$ (0.07)	\$ 1.09	\$ 1.01
Basic net income per share from discontinued operations	-	0.01	0.11	0.02
Basic net income (loss) per share [C]	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ 1.20</u>	<u>\$ 1.03</u>
Shares used in basic per share amounts	<u>342,505</u>	<u>360,532</u>	<u>347,854</u>	<u>369,202</u>
Diluted net income (loss) per share from continuing operations	\$ (0.06)	\$ (0.07)	\$ 1.05	\$ 0.99
Diluted net income per share from discontinued operations	-	0.01	0.11	0.02
Diluted net income (loss) per share [C]	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ 1.16</u>	<u>\$ 1.01</u>
Shares used in diluted per share amounts	<u>342,505</u>	<u>360,532</u>	<u>360,471</u>	<u>376,796</u>
Share-based compensation expense for stock options, Employee Stock Purchase Plan, restricted stock and restricted stock units in continuing operations [D]:				
Cost of product revenue	\$ 197	\$ -	\$ 941	\$ -
Cost of service revenue	459	-	2,048	-
Selling and marketing	4,815	-	21,944	-
Research and development	4,406	-	19,309	-
General and administrative	6,120	1,119	27,119	5,489
Total	<u>\$ 15,997</u>	<u>\$ 1,119</u>	<u>\$ 71,361</u>	<u>\$ 5,489</u>

See accompanying Notes.

INTUIT INC.
NOTES TO TABLE A1

- [A] Our effective tax rate for the twelve months ended July 31, 2006 was approximately 38% and differed from the federal statutory rate primarily due to state income taxes and the tax on the gain on the sale of certain assets of Intuit Construction Business Solutions, which were partially offset by the benefit we received from tax exempt interest income, federal and state research and experimental credits and the domestic production activities deduction.

Our effective tax rate for the twelve months ended July 31, 2005 was approximately 33% and differed from the federal statutory rate primarily due to the net effect of the reversal of approximately \$25.7 million in reserves related to potential income tax exposures that were resolved, the federal research and experimental credit and the benefit received from tax-exempt interest income, partially offset by state income taxes.

- [B] In May 2005 our Board of Directors formally approved a plan to sell our Intuit Information Technology Solutions (ITS) business and in December 2005 we sold ITS for approximately \$200 million in cash. In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, "*Accounting for the Impairment or Disposal of Long-lived Assets*," we determined that ITS became a long-lived asset held for sale and 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 sheet at July 31, 2005 and on our statements of operations and statements of cash flows for all periods prior to the sale. Revenue for ITS was \$20.2 million and income before income taxes was \$9.1 million for the twelve months ended July 31, 2006. We recorded a \$34.3 million net of tax gain on the disposal of ITS in the twelve months ended July 31, 2006. Revenue for ITS was \$57.0 million and income before income taxes was \$20.6 million for the twelve months ended July 31, 2005.

In December 2004 we sold our Intuit Public Sector Solutions (IPSS) business for approximately \$11 million. In accordance with SFAS 144, 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 operating results and cash flows of IPSS from continuing operations on our statements of operations and statements of cash flows for all periods prior to the sale. Revenue for IPSS was \$3.8 million and loss before income taxes was \$0.8 million for the twelve months ended July 31, 2005. We also recorded a \$4.8 million net of tax loss on the disposal of IPSS in the twelve months ended July 31, 2005.

- [C] Our Board of Directors authorized a two-for-one stock split which was effected in the form of a 100% stock dividend on July 6, 2006 to stockholders of record on June 21, 2006. All share and per share figures in these tables retroactively reflect this stock split.
- [D] 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. Because we elected to use the modified prospective transition method, GAAP results for prior periods have not been restated. Share-based compensation expenses also include expenses for restricted stock and restricted stock units, which we recorded under GAAP accounting rules for all periods presented.

INTUIT INC.
ABOUT NON-GAAP FINANCIAL MEASURES

Table A2 contains non-GAAP financial measures. Tables B1 and B2 reconcile the non-GAAP financial measures in Table A2 to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share.

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 names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when assessing the performance of the organization, our operating segments or our senior management. Segment managers are not held accountable for share-based compensation expenses, acquisition-related costs, or the other excluded items that may impact their business units' operating income (loss) and, accordingly, we exclude these amounts from our measures of segment performance. We also exclude these amounts from our budget and planning process. We believe that our non-GAAP financial measures also facilitate the comparison of results for current periods and guidance for future periods with results for past periods. We exclude the following items from our non-GAAP financial measures:

- *Share-based compensation expenses.* Our non-GAAP financial measures exclude share-based compensation expenses, which consist of expenses for stock options and purchases of common stock under our Employee Stock Purchase Plan, which we began recording under SFAS 123(R) in the first quarter of fiscal 2006, and expenses for restricted stock and restricted stock units, which we recorded under GAAP accounting rules for all periods presented. Segment managers are not held accountable for share-based compensation expenses impacting their business units' operating income (loss) and, accordingly, we exclude share-based compensation expenses from our measures of segment performance. While share-based compensation is a significant expense affecting our results of operations, management excludes share-based compensation from our budget and planning process. We exclude share-based compensation expenses from our non-GAAP financial measures for these reasons and the other reasons stated above. 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 and acquisition-related charges.* 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. Acquisition activities are managed on a corporate-wide basis and segment managers are not held accountable for the acquisition-related costs impacting their business units' operating income (loss). We exclude these amounts from our measures of segment performance and from our budget and planning process. We exclude these items from our non-GAAP financial measures for these reasons, the other reasons stated above and because we believe that excluding these items facilitates comparisons to the results of other companies in our industry, which have their own unique acquisition histories.
- *Gains and losses on disposals of businesses.* We exclude these amounts from our non-GAAP financial measures for the reasons stated above and because they are unrelated to our ongoing business operating results.
- *Gains and losses on marketable equity securities and other investments.* We exclude these amounts from our non-GAAP financial measures for the reasons stated above and because they are unrelated to our ongoing 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 for the reasons stated above and because management believes that 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 financial measures for the reasons stated above and because they are unrelated to our ongoing business operations.

The following describes each non-GAAP financial measure, the items excluded from the most directly comparable GAAP measure in arriving at each non-GAAP financial measure, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

- (A) Operating income (loss). We exclude share based compensation expenses, amortization of purchased intangible assets and acquisition-related charges from our GAAP operating income (loss) from continuing operations in arriving at our non-GAAP operating income (loss) primarily because we do not consider them part of ongoing operating results when assessing the performance of the organization, our operating segments and senior management or when undertaking our budget and planning process. We believe that the exclusion of these expenses from our non-GAAP financial measures also facilitates the comparison of results for fiscal 2006 and guidance for

future periods with results for prior periods. In addition, we exclude amortization of purchased intangible assets and acquisition-related charges from non-GAAP operating income (loss) because we believe that excluding these items facilitates comparisons to the results of other companies in our industry, which have their own unique acquisition histories.

- (B) Net income (loss) and net income (loss) per share (or earnings per share). We exclude share based compensation expenses, amortization of purchased intangible assets, acquisition-related charges, gains on marketable equity securities and other investments, net, gains and losses on disposals of businesses, certain discrete tax items and amounts related to discontinued operations from our GAAP net income (loss) and net income (loss) per share in arriving at our non-GAAP net income (loss) and net income (loss) per share. We exclude all of these items from our non-GAAP net income (loss) and net income (loss) per share primarily because we do not consider them part of ongoing operating results when assessing the performance of the organization, our operating segments and senior management or when undertaking our budget and planning process. We believe that the exclusion of these items from our non-GAAP financial measures also facilitates the comparison of results for fiscal 2006 and guidance for future periods with results for prior periods.

In addition, we exclude amortization of purchased intangible assets and acquisition-related charges from our non-GAAP net income (loss) and net income (loss) per share because we believe that excluding these items facilitates comparisons to the results of other companies in our industry, which have their own unique acquisition histories. We exclude gains on marketable equity securities and other investments, net from our non-GAAP net income (loss) and net income (loss) per share because they are unrelated to our ongoing business operating results. Our historical non-GAAP effective tax rates differ from our GAAP effective tax rates for those periods because our 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 management believes that they are not indicative of our ongoing business operations. The effective tax rates used to calculate non-GAAP net income (loss) and net income (loss) per share were as follows: 34% for the first, second and third quarters of fiscal 2005; 35% for full fiscal 2005 and the first and second quarters of fiscal 2006; 38% for the third quarter of fiscal 2006; and 37% for the fourth quarter of fiscal 2006 and full fiscal 2006. Finally, we exclude amounts related to discontinued operations from our non-GAAP net income (loss) and net income (loss) per share because they are unrelated to our ongoing business operations.

We refer 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 our internal comparisons to Intuit's historical operating results. We have historically reported similar non-GAAP financial measures and believe that the inclusion of comparative numbers provides consistency in our financial reporting. We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year.

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

	Three Months Ended		Twelve Months Ended	
	July 31, 2006	July 31, 2005	July 31, 2006	July 31, 2005
Net revenue:				
Product	\$ 191,902	\$ 176,762	\$ 1,351,636	\$ 1,242,693
Service	126,274	102,130	910,506	724,049
Other	24,749	22,927	80,161	70,961
Total net revenue	<u>342,925</u>	<u>301,819</u>	<u>2,342,303</u>	<u>2,037,703</u>
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	28,154	25,928	175,247	164,551
Cost of service revenue	60,147	46,633	227,387	183,969
Cost of other revenue	2,490	6,297	20,566	24,133
Selling and marketing	127,254	123,369	642,112	583,408
Research and development	99,878	75,536	379,674	305,241
General and administrative	61,271	50,579	243,173	220,018
Total costs and expenses	<u>379,194</u>	<u>328,342</u>	<u>1,688,159</u>	<u>1,481,320</u>
Income (loss) from operations	(36,269)	(26,523)	654,144	556,383
Interest and other income	19,734	14,072	40,674	26,636
Income before income taxes	(16,535)	(12,451)	694,818	583,019
Income tax provision (benefit)	(6,118)	1,631	256,852	204,091
Minority interest	68	(98)	691	(98)
Net income (loss)	<u>\$ (10,485)</u>	<u>\$ (13,984)</u>	<u>\$ 437,275</u>	<u>\$ 379,026</u>
Basic net income (loss) per share	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>\$ 1.26</u>	<u>\$ 1.03</u>
Shares used in basic per share amounts	<u>342,505</u>	<u>360,532</u>	<u>347,854</u>	<u>369,202</u>
Diluted net income (loss) per share	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>\$ 1.21</u>	<u>\$ 1.01</u>
Shares used in diluted per share amounts	<u>342,505</u>	<u>360,532</u>	<u>360,471</u>	<u>376,796</u>

See "About Non-GAAP Financial Measures" immediately preceding this Table A2 for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure. All share and per share figures in this Table A2 retroactively reflect our July 2006 two-for-one common stock split.

Table B1
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 July 31, 2006			Three Months Ended July 31, 2005		
	Non-GAAP	Adjmts	GAAP	Non-GAAP	Adjmts	GAAP
Net revenue:						
Product	\$ 191,902	\$ -	\$ 191,902	\$ 176,762	\$ -	\$ 176,762
Service	126,274	-	126,274	102,130	-	102,130
Other	24,749	-	24,749	22,927	-	22,927
Total net revenue	<u>342,925</u>	<u>-</u>	<u>342,925</u>	<u>301,819</u>	<u>-</u>	<u>301,819</u>
Costs and expenses:						
Cost of revenue:						
Cost of product revenue	28,154	197 [a]	28,351	25,928	-	25,928
Cost of service revenue	60,147	459 [a]	60,606	46,633	-	46,633
Cost of other revenue	2,490	-	2,490	6,297	-	6,297
Amortization of purchased intangible assets	-	1,901 [b]	1,901	-	2,542 [b]	2,542
Selling and marketing	127,254	4,815 [a]	132,069	123,369	-	123,369
Research and development	99,878	4,406 [a]	104,284	75,536	-	75,536
General and administrative	61,271	6,120 [a]	67,391	50,579	1,119 [a]	51,698
Acquisition-related charges	-	2,747 [c]	2,747	-	3,969 [c]	3,969
Total costs and expenses	<u>379,194</u>	<u>20,645</u>	<u>399,839</u>	<u>328,342</u>	<u>7,630</u>	<u>335,972</u>
Operating income (loss) from continuing operations	(36,269)	(20,645)	(56,914)	(26,523)	(7,630)	(34,153)
Interest and other income	19,734	2,364 [d]	22,098	14,072	-	14,072
Gains on marketable equity securities and other investments, net	-	256 [e]	256	-	4,883 [e]	4,883
Income (loss) from continuing operations before income taxes	(16,535)	(18,025)	(34,560)	(12,451)	(2,747)	(15,198)
Income tax provision (benefit)	(6,118)	(9,656) [f]	(15,774)	1,631	5,836 [f]	7,467
Minority interest	68	-	68	(98)	-	(98)
Net income (loss) from continuing operations	<u>(10,485)</u>	<u>(8,369)</u>	<u>(18,854)</u>	<u>(13,984)</u>	<u>(8,583)</u>	<u>(22,567)</u>
Net income from discontinued operations	-	-	-	-	2,571 [g]	2,571
Net income (loss)	<u>\$ (10,485)</u>	<u>\$ (8,369)</u>	<u>\$ (18,854)</u>	<u>\$ (13,984)</u>	<u>\$ (6,012)</u>	<u>\$ (19,996)</u>
Basic net income (loss) per share from continuing operations	\$ (0.03)		\$ (0.06)	\$ (0.04)		\$ (0.07)
Basic net income per share from discontinued operations	-		-	-		0.01
Basic net income (loss) per share	<u>\$ (0.03)</u>		<u>\$ (0.06)</u>	<u>\$ (0.04)</u>		<u>\$ (0.06)</u>
Shares used in basic per share amounts	<u>342,505</u>		<u>342,505</u>	<u>360,532</u>		<u>360,532</u>
Diluted net income (loss) per share from continuing operations	\$ (0.03)		\$ (0.06)	\$ (0.04)		\$ (0.07)
Diluted net income per share from discontinued operations	-		-	-		0.01
Diluted net income (loss) per share	<u>\$ (0.03)</u>		<u>\$ (0.06)</u>	<u>\$ (0.04)</u>		<u>\$ (0.06)</u>
Shares used in diluted per share amounts	<u>342,505</u>		<u>342,505</u>	<u>360,532</u>		<u>360,532</u>

See "About Non-GAAP Financial Measures" immediately preceding Table A2 for more information on these non-GAAP adjustments. All share and per share figures in this Table B1 retroactively reflect our July 2006 two-for-one common stock split.

- [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 and for restricted stock and restricted stock units 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 pre-tax gain on disposal of certain assets of our Intuit Construction Business Solutions business.
- [e] Adjustment to exclude gains on marketable equity securities and other investments, net from non-GAAP financial measures.
- [f] Adjustment to reflect the tax effects of items [a] through [d] and to exclude certain GAAP discrete tax items from non-GAAP financial measures.
- [g] Adjustment to exclude net income from discontinued operations from non-GAAP financial measures.

Table B2
INTUIT INC.
RECONCILIATION OF NON-GAAP STATEMENTS OF OPERATIONS DATA
TO GAAP CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)
(Unaudited)

	Twelve Months Ended July 31, 2006			Twelve Months Ended July 31, 2005		
	Non- GAAP	Adjmts	GAAP	Non- GAAP	Adjmts	GAAP
Net revenue:						
Product	\$ 1,351,636	\$ -	\$ 1,351,636	\$ 1,242,693	\$ -	\$ 1,242,693
Service	910,506	-	910,506	724,049	-	724,049
Other	80,161	-	80,161	70,961	-	70,961
Total net revenue	<u>2,342,303</u>	<u>-</u>	<u>2,342,303</u>	<u>2,037,703</u>	<u>-</u>	<u>2,037,703</u>
Costs and expenses:						
Cost of revenue:						
Cost of product revenue	175,247	941 [a]	176,188	164,551	-	164,551
Cost of service revenue	227,387	2,048 [a]	229,435	183,969	-	183,969
Cost of other revenue	20,566	-	20,566	24,133	-	24,133
Amortization of purchased intangible assets	-	9,902 [b]	9,902	-	10,251 [b]	10,251
Selling and marketing	642,112	21,944 [a]	664,056	583,408	-	583,408
Research and development	379,674	19,309 [a]	398,983	305,241	-	305,241
General and administrative	243,173	27,119 [a]	270,292	220,018	5,489 [a]	225,507
Acquisition-related charges	-	13,337 [c]	13,337	-	16,545 [c]	16,545
Total costs and expenses	<u>1,688,159</u>	<u>94,600</u>	<u>1,782,759</u>	<u>1,481,320</u>	<u>32,285</u>	<u>1,513,605</u>
Operating income from continuing operations	654,144	(94,600)	559,544	556,383	(32,285)	524,098
Interest and other income	40,674	2,364 [d]	43,038	26,636	-	26,636
Gains on marketable equity securities and other investments, net	-	7,629 [e]	7,629	-	5,225 [e]	5,225
Income from continuing operations before income taxes	694,818	(84,607)	610,211	583,019	(27,060)	555,959
Income tax provision	256,852	(24,762) [f]	232,090	204,091	(23,017) [f]	181,074
Minority interest	691	-	691	(98)	-	(98)
Net income from continuing operations	<u>437,275</u>	<u>(59,845)</u>	<u>377,430</u>	<u>379,026</u>	<u>(4,043)</u>	<u>374,983</u>
Net income from discontinued operations	-	39,533 [g]	39,533	-	6,644 [g]	6,644
Net income	<u>\$ 437,275</u>	<u>\$ (20,312)</u>	<u>\$ 416,963</u>	<u>\$ 379,026</u>	<u>\$ 2,601</u>	<u>\$ 381,627</u>
Basic net income per share from continuing operations	\$ 1.26		\$ 1.09	\$ 1.03		\$ 1.01
Basic net income per share from discontinued operations	-		0.11	-		0.02
Basic net income per share	<u>\$ 1.26</u>		<u>\$ 1.20</u>	<u>\$ 1.03</u>		<u>\$ 1.03</u>
Shares used in basic per share amounts	<u>347,854</u>		<u>347,854</u>	<u>369,202</u>		<u>369,202</u>
Diluted net income per share from continuing operations	\$ 1.21		\$ 1.05	\$ 1.01		\$ 0.99
Diluted net income per share from discontinued operations	-		0.11	-		0.02
Diluted net income per share	<u>\$ 1.21</u>		<u>\$ 1.16</u>	<u>\$ 1.01</u>		<u>\$ 1.01</u>
Shares used in diluted per share amounts	<u>360,471</u>		<u>360,471</u>	<u>376,796</u>		<u>376,796</u>

See "About Non-GAAP Financial Measures" immediately preceding Table A2 for more information on these non-GAAP adjustments. All share and per share figures in this Table B2 retroactively reflect our July 2006 two-for-one common stock split.

- [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 and for restricted stock and restricted stock units 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 pre-tax gain on disposal of certain assets of our Intuit Construction Business Solutions business.
- [e] Adjustment to exclude gains on marketable equity securities and other investments, net from non-GAAP financial measures.
- [f] Adjustment to reflect the tax effects of items [a] through [d] and to exclude certain GAAP discrete tax items from non-GAAP financial measures.
- [g] Adjustment to exclude net income from discontinued operations from non-GAAP financial measures.