

Table A
INTUIT INC.
GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2001	2002	2001	2002
Net revenue:				
Products	\$ 372,252	\$ 422,827	\$ 492,075	\$ 537,410
Services	64,453	106,623	111,993	183,417
Other	20,855	17,795	41,014	35,184
Total net revenue	<u>457,560</u>	<u>547,245</u>	<u>645,082</u>	<u>756,011</u>
Costs and expenses:				
Cost of revenue:				
Products, services and other	103,819	121,064	170,713	193,416
Amortization of purchased software and other	3,858	7,171	6,845	8,877
Customer service and technical support	46,134	53,139	78,530	92,092
Selling and marketing	85,567	94,931	146,667	166,826
Research and development	54,599	53,263	102,477	103,203
General and administrative	25,914	32,123	53,697	60,716
Acquisition-related charges	43,074	62,099	82,753	103,186
Loss on impairment of long-lived asset	-	-	-	27,000
Total costs and expenses	<u>362,965</u>	<u>423,790</u>	<u>641,682</u>	<u>755,316</u>
Income from operations	94,595	123,455	3,400	695
Interest and other income and expense, net	16,548	8,526	32,666	20,323
Gains (losses) on marketable securities and other investments, net	(71,935)	1,632	(75,803)	(10,622)
Gain on divestiture	1,639	-	1,639	-
Income (loss) before income taxes, minority interest and cumulative effect of accounting change	40,847	133,613	(38,098)	10,396
Provision (benefit) for income taxes (i)	14,188	13,745	(16,728)	(17,045)
Minority interest	97	-	147	-
Income (loss) before cumulative effect of accounting change	26,562	119,868	(21,517)	27,441
Cumulative effect of accounting change, net of taxes of \$9,543	-	-	14,314	-
Net income (loss)	<u>\$ 26,562</u>	<u>\$ 119,868</u>	<u>\$ (7,203)</u>	<u>\$ 27,441</u>
Basic net income (loss) per share before cumulative effect of accounting change	\$ 0.13	\$ 0.56	\$ (0.10)	\$ 0.13
Cumulative effect of accounting change	-	-	0.07	-
Basic net income (loss) per share	<u>\$ 0.13</u>	<u>\$ 0.56</u>	<u>\$ (0.03)</u>	<u>\$ 0.13</u>
Shares used in per share amounts	<u>207,594</u>	<u>212,520</u>	<u>206,661</u>	<u>211,780</u>
Diluted net income (loss) per share before cumulative effect of accounting change	\$ 0.12	\$ 0.55	\$ (0.10)	\$ 0.13
Cumulative effect of accounting change	-	-	0.07	-
Diluted net income (loss) per share	<u>\$ 0.12</u>	<u>\$ 0.55</u>	<u>\$ (0.03)</u>	<u>\$ 0.13</u>
Shares used in per share amounts	<u>215,927</u>	<u>219,355</u>	<u>206,661</u>	<u>217,914</u>

- (i) The difference in the effective tax rate for each of these periods was primarily due to the tax benefit related to divestitures that became available in the second quarter of fiscal 2002. The company also reported pre-tax income for the six months ended January 31, 2002 as opposed to a pre-tax loss for the six months ended January 31, 2001, which also contributed to the difference in the effective tax rate for these periods.

Table B1
INTUIT INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (ii)
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	2001	2002	2001	2002
Net revenue	\$ 457,560	\$ 547,245	\$ 645,082	\$ 756,011
Costs and expenses:				
Cost of revenue:				
Products, services and other	103,819	121,064	170,713	193,416
Customer service and technical support	46,134	53,139	78,530	92,092
Selling and marketing	85,567	94,931	146,667	166,826
Research and development	54,599	53,263	102,477	103,203
General and administrative	25,914	32,123	53,697	60,716
Total costs and expenses	<u>316,033</u>	<u>354,520</u>	<u>552,084</u>	<u>616,253</u>
Income from operations	141,527	192,725	92,998	139,758
Interest and other income and expense, net	<u>16,548</u>	<u>8,526</u>	<u>32,666</u>	<u>20,323</u>
Income before income tax expense and minority interest	158,075	201,251	125,664	160,081
Provision for income taxes	53,746	66,413	42,726	52,827
Minority interest	97	-	147	-
Net income	<u>\$ 104,232</u>	<u>\$ 134,838</u>	<u>\$ 82,791</u>	<u>\$ 107,254</u>
Basic net income per share	<u>\$ 0.50</u>	<u>\$ 0.63</u>	<u>\$ 0.40</u>	<u>\$ 0.51</u>
Shares used in per share amounts	<u>207,594</u>	<u>212,520</u>	<u>206,661</u>	<u>211,780</u>
Diluted net income per share	<u>\$ 0.48</u>	<u>\$ 0.61</u>	<u>\$ 0.38</u>	<u>\$ 0.49</u>
Shares used in per share amounts	<u>215,927</u>	<u>219,355</u>	<u>215,706</u>	<u>217,914</u>

- (ii) This statement of operations information for the three and six months ended January 31, 2001 and 2002 is not prepared in accordance with generally accepted accounting principles. It is provided as a supplement to GAAP results in order to give investors an alternative method of assessing the results of the company's core operating businesses. The information is presented using the same consistent standards from quarter to quarter and year to year. Table B2 shows more detail about the specific items excluded from Table B1.

Table B2
INTUIT INC.
RECONCILIATION TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (iii)
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	2001	2002	2001	2002
Reconciliation of operating income				
GAAP income from operations	\$ 94,595	\$ 123,455	\$ 3,400	\$ 695
Pro forma adjustments:				
Add:				
Amortization of purchased software and other	3,858	7,171	6,845	8,877
Acquisition-related charges (iv)	43,074	62,099	82,753	103,186
Loss on impairment of long-lived asset (v)	-	-	-	27,000
Pro forma operating income	<u>\$ 141,527</u>	<u>\$ 192,725</u>	<u>\$ 92,998</u>	<u>\$ 139,758</u>
Reconciliation of net income				
GAAP net income (loss)	\$ 26,562	\$ 119,868	\$ (7,203)	\$ 27,441
Pro forma adjustments:				
Add:				
Amortization of purchased software and other	3,858	7,171	6,845	8,877
Acquisition-related charges (iv)	43,074	62,099	82,753	103,186
Loss on impairment of long-lived asset (v)	-	-	-	27,000
Losses on marketable securities and other investments, net (vi)	71,935	-	75,803	10,622
Less:				
Gains on marketable securities and other investments, net (vi)	-	(1,632)	-	-
Gain on divestiture	(1,639)	-	(1,639)	-
Difference in provision for income taxes	(39,558)	(52,668)	(59,454)	(69,872)
Cumulative effect of accounting change, net of taxes of \$9,543	-	-	(14,314)	-
Pro forma net income	<u>\$ 104,232</u>	<u>\$ 134,838</u>	<u>\$ 82,791</u>	<u>\$ 107,254</u>

- (iii) Table B2 lists the differences between the GAAP statement of operations in Table A and the pro forma statement of operations in Table B1. Pro forma results exclude certain costs and expenses, as well as certain non-operating gains and losses, in order to give investors an alternative method of assessing the results of the company's core operating businesses. Pro forma operating income excludes certain cost and expense line items that are in the GAAP statement of operations. Therefore, for example, the amount of the GAAP line item "acquisition-related charges," which is an expense, was added back to GAAP operating income in calculating pro forma operating income. Eliminating cost or expense items increases pro forma results compared to GAAP results. Pro forma net income excludes the cost and expense line items that are excluded from pro forma operating income, plus certain non-operating gains and losses in the GAAP statement of operations. Again, for example, the non-operating loss on marketable securities and other investments in the three months ended January 31, 2001 was added back in, and the non-operating gain on marketable securities and other investments in the three months ended January 31, 2002 was subtracted, in calculating pro forma net income. Eliminating loss line items increases pro forma net income compared to GAAP net income. Eliminating gain line items decreases pro forma net income compared to GAAP net income.
- (iv) Acquisition-related charges include amortization of goodwill and intangibles as well as impairment charges. For the three and six months ended January 31, 2002, goodwill and intangibles amortization were \$40.1 million and \$81.2 million. The company also recorded impairment charges of \$17.4 million for its Internet-based advertising revenue business and \$4.6 million for its acquisition of Boston Light for the three and six months ended January 31, 2002. For the three and six months ended January 31, 2001, amortization was \$43.1 million and \$82.8 million. Amortization relating to the Lacerte Software Corporation and Computing Resources, Inc. acquisitions constituted approximately 40% and 20% of amortization costs for all periods presented.
- (v) Loss on impairment of long-lived asset reflects the write off of an asset the company received when it sold the Quicken Bill Manager business.
- (vi) Gains and losses on marketable securities and other investments include realized and unrealized gains and losses, as well as losses recognized for other-than-temporary declines in the value of these assets. For the six months ended January 31, 2002, the company recorded losses of \$3.3 million for other-than-temporary declines in the value of other investments. For the three and six months ended January 31, 2001 the company recorded losses for other-than-temporary declines of \$15.0 million for other investments and \$40.0 million for its S-1 securities.

Table C
INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands)
(unaudited)

	<u>July 31, 2001</u>	<u>January 31, 2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 450,104	\$ 488,555
Short-term investments	1,119,305	1,004,829
Marketable securities	85,307	42,729
Customer deposits	230,410	256,313
Accounts receivable, net	27,990	262,513
Mortgage loans	123,241	268,025
Deferred income taxes	77,948	90,247
Prepaid expenses and other current assets	33,617	32,652
Total current assets	<u>2,147,922</u>	<u>2,445,863</u>
Property and equipment, net	185,969	183,389
Goodwill and intangibles, net	415,334	348,600
Long-term deferred income taxes	145,905	146,205
Investments	24,107	13,170
Other assets	42,499	13,651
Total assets	<u><u>\$ 2,961,736</u></u>	<u><u>\$ 3,150,878</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 66,400	\$ 100,440
Payroll tax obligations	205,067	217,724
Escrow liabilities	23,373	37,906
Drafts Payable	63,518	70,962
Deferred revenue	137,305	156,337
Income tax payable	82,661	42,091
Short-term note payable	38,672	36,753
Other current liabilities	170,966	263,286
Total current liabilities	<u>787,962</u>	<u>925,499</u>
Long-term obligations	12,413	12,249
Minority interest	35	35
Stockholders' equity	2,161,326	2,213,095
Total liabilities and stockholders' equity	<u><u>\$ 2,961,736</u></u>	<u><u>\$ 3,150,878</u></u>