

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>

- (i) 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.