

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

	Three Months Ended	
	October 31,	
	2002	2003
Net revenue:		
Product	\$ 141,903	\$ 160,185
Service	55,604	66,267
Other	15,365	16,076
Total net revenue	<u>212,872</u>	<u>242,528</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	28,712	32,018
Cost of service revenue	36,612	35,836
Cost of other revenue	4,590	6,784
Amortization of purchased software [B]	2,977	3,289
Customer service and technical support	39,630	40,991
Selling and marketing	74,821	91,949
Research and development	64,127	71,331
General and administrative	39,616	43,695
Charge for purchased research and development [C]	7,789	-
Acquisition-related charges [D]	9,455	6,049
Total costs and expenses	<u>308,329</u>	<u>331,942</u>
Loss from continuing operations	(95,457)	(89,414)
Interest and other income	8,786	7,490
Gains on marketable securities and other investments, net	253	147
Loss from continuing operations before income taxes	(86,418)	(81,777)
Income tax benefit [E]	(25,969)	(27,812)
Net loss from continuing operations	<u>(60,449)</u>	<u>(53,965)</u>
Discontinued operations, net of income taxes:		
Gain on disposal of Quicken Loans discontinued operations [F]	5,556	-
Net income from Intuit KK discontinued operations [G]	208	-
Net income from discontinued operations	<u>5,764</u>	<u>-</u>
Net loss	<u>\$ (54,685)</u>	<u>\$ (53,965)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.29)	\$ (0.27)
Basic and diluted net income per share from discontinued operations	0.03	-
Basic and diluted net loss per share	<u>\$ (0.26)</u>	<u>\$ (0.27)</u>
Shares used in basic and diluted per share amounts	<u>207,965</u>	<u>198,747</u>

Table A2
INTUIT INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	October 31,	
	2002	2003
Net revenue:		
Product	\$ 141,903	\$ 160,185
Service	55,604	66,267
Other	15,365	16,076
Total net revenue	<u>212,872</u>	<u>242,528</u>
Costs and expenses:		
Cost of revenue:		
Cost of product revenue	28,712	32,018
Cost of service revenue	36,612	35,836
Cost of other revenue	4,590	6,784
Customer service and technical support	39,630	40,991
Selling and marketing	74,821	91,949
Research and development	64,127	71,331
General and administrative	39,616	43,695
Total costs and expenses	<u>288,108</u>	<u>322,604</u>
Loss from operations	(75,236)	(80,076)
Interest and other income	8,786	7,490
Loss before income taxes	(66,450)	(72,586)
Income tax benefit	(21,929)	(24,679)
Net loss	<u>\$ (44,521)</u>	<u>\$ (47,907)</u>
Basic and diluted net loss per share	<u>\$ (0.21)</u>	<u>\$ (0.24)</u>
Shares used in basic and diluted per share amounts	<u>207,965</u>	<u>198,747</u>

The pro forma, or non-GAAP, financial measures above should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). These pro forma financial measures are not prepared in accordance with GAAP and likely are different from pro forma financial measures used by other companies. Intuit's management believes that these pro forma financial measures provide meaningful supplemental information regarding Intuit's core operating results because they exclude amounts that are not necessarily related to Intuit's core operating results. Intuit's management refers to these pro forma financial measures in assessing the performance of Intuit's ongoing operations and for planning and forecasting in future periods. These pro forma financial measures also facilitate management's internal comparisons to Intuit's historical operating results. In addition, Intuit has historically reported similar pro forma financial measures and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Intuit computes pro forma financial measures using the same consistent method from quarter to quarter and year to year. See Table B for a reconciliation of these pro forma financial measures to GAAP.

Table B
INTUIT INC.
RECONCILIATION OF PRO FORMA FINANCIAL MEASURES
TO GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS [A]-[G]
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended October 31, 2002			Three Months Ended October 31, 2003		
	Pro Forma	Adjmts	[A] GAAP	Pro Forma	Adjmts	[A] GAAP
Net revenue:						
Product	\$ 141,903	\$ -	\$ 141,903	\$ 160,185	\$ -	\$ 160,185
Service	55,604	-	55,604	66,267	-	66,267
Other	15,365	-	15,365	16,076	-	16,076
Total net revenue	<u>212,872</u>	<u>-</u>	<u>212,872</u>	<u>242,528</u>	<u>-</u>	<u>242,528</u>
Costs and expenses:						
Cost of revenue:						
Cost of product revenue	28,712	-	28,712	32,018	-	32,018
Cost of service revenue	36,612	-	36,612	35,836	-	35,836
Cost of other revenue	4,590	-	4,590	6,784	-	6,784
Amortization of purchased software	-	2,977	[B] 2,977	-	3,289	[B] 3,289
Customer service and technical support	39,630	-	39,630	40,991	-	40,991
Selling and marketing	74,821	-	74,821	91,949	-	91,949
Research and development	64,127	-	64,127	71,331	-	71,331
General and administrative	39,616	-	39,616	43,695	-	43,695
Charge for purchased research and development	-	7,789	[C] 7,789	-	-	-
Acquisition-related charges	-	9,455	[D] 9,455	-	6,049	[D] 6,049
Total costs and expenses	<u>288,108</u>	<u>20,221</u>	<u>308,329</u>	<u>322,604</u>	<u>9,338</u>	<u>331,942</u>
Loss from continuing operations	(75,236)	(20,221)	(95,457)	(80,076)	(9,338)	(89,414)
Interest and other income	8,786	-	8,786	7,490	-	7,490
Gains on marketable securities and other investments, net	-	253	253	-	147	147
Loss from continuing operations before income taxes	(66,450)	(19,968)	(86,418)	(72,586)	(9,191)	(81,777)
Income tax benefit	(21,929)	(4,040)	(25,969)	(24,679)	(3,133)	(27,812)
Net loss from continuing operations	(44,521)	(15,928)	(60,449)	(47,907)	(6,058)	(53,965)
Discontinued operations, net of income taxes:						
Gain on disposal of Quicken Loans discontinued operations	-	5,556	[F] 5,556	-	-	-
Net income from Intuit KK discontinued operations	-	208	[G] 208	-	-	-
Net income from discontinued operations	-	5,764	5,764	-	-	-
Net loss	<u>\$ (44,521)</u>	<u>\$ (10,164)</u>	<u>\$ (54,685)</u>	<u>\$ (47,907)</u>	<u>\$ (6,058)</u>	<u>\$ (53,965)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.21)		\$ (0.29)	\$ (0.24)		\$ (0.27)
Basic and diluted net income per share from discontinued operations	-		0.03	-		-
Basic and diluted net loss per share	<u>\$ (0.21)</u>		<u>\$ (0.26)</u>	<u>\$ (0.24)</u>		<u>\$ (0.27)</u>
Shares used in basic and diluted per share amounts	<u>207,965</u>		<u>207,965</u>	<u>198,747</u>		<u>198,747</u>

The pro forma, or non-GAAP, financial measures above should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). These pro forma financial measures are not prepared in accordance with GAAP and likely are different from pro forma financial measures used by other companies. Intuit's management believes that these pro forma financial measures provide meaningful supplemental information regarding Intuit's core operating results because they exclude amounts that are not necessarily related to Intuit's core operating results. Intuit's management refers to these pro forma financial measures in assessing the performance of Intuit's ongoing operations and for planning and forecasting in future periods. These pro forma financial measures also facilitate management's internal comparisons to Intuit's historical operating results. In addition, Intuit has historically reported similar pro forma financial measures and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Intuit computes pro forma financial measures using the same consistent method from quarter to quarter and year to year. See Notes [A] through [G] for details.

Notes to Tables A1 and B:

- [A] Table B reconciles the differences between the pro forma or non-GAAP financial measures, which are not prepared in accordance with generally accepted accounting principles (“GAAP”), and the GAAP condensed consolidated statements of operations for the three months ended October 31, 2002 and 2003. Pro forma operating income (loss) excludes certain cost and expense line items that are in the GAAP statement of operations. For example, for the line item “acquisition-related charges,” the number in the GAAP column is subtracted out of the pro forma column in calculating pro forma operating income or loss. Eliminating cost or expense items improves pro forma results compared to GAAP results. Pro forma net income (loss) starts with pro forma operating income or loss and then excludes certain non-operating gains and losses that are in the GAAP statement of operations. For example, for the line item “gains on marketable securities and other investments, net” the number in the GAAP column is taken out of the pro forma column in calculating pro forma net income or loss. Eliminating loss line items improves pro forma results compared to GAAP results. Eliminating gain line items decreases pro forma results compared to GAAP results.
- [B] We amortize the value of software and other technology assets that we receive in connection with certain acquisitions over their estimated useful lives.
- [C] In connection with certain acquisitions we determine the value of in-process projects under development for which technological feasibility has not been established. The value of each project is recorded as a charge for purchased research and development at the time of the acquisition. In the first quarter of fiscal 2003, we recorded a charge for purchased research and development of \$7.8 million in connection with our acquisition of Blue Ocean Software, Inc.
- [D] Acquisition-related charges include amortization of purchased intangible assets and deferred compensation related to acquisitions as well as impairment charges. For the three months ended October 31, 2002 and 2003, amortization of purchased intangible assets and deferred compensation was \$9.5 million and \$6.0 million and there were no impairment charges.
- [E] Our effective tax rate for the first quarter of fiscal 2003 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax exempt interest income and various tax credits offset by non-deductible merger and divestiture related charges. Our effective tax rate for the first quarter of fiscal 2004 differed from the federal statutory rate primarily due to the net effect of the benefit received from tax-exempt interest income and various tax credits offset by state taxes.
- [F] On July 31, 2002, we sold our Quicken Loans mortgage business to Rock Acquisition Corporation and accounted for the sale as discontinued operations. In the first quarter of fiscal 2003, we sold our residual minority equity interest in Rock and recorded a gain of \$5.6 million.
- [G] On February 7, 2003, we sold our wholly owned Japanese subsidiary, Intuit KK, and accounted for the sale as discontinued operations. Accordingly, we have segregated the operating results of Intuit KK from continuing operations on our statement of operations for all periods prior to the sale. Net income from Intuit KK discontinued operations for the three months ended October 31, 2002 was net of income tax expense of \$0.2 million.

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

	July 31, 2003	October 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 170,043	\$ 147,607
Short-term investments	1,036,758	770,008
Marketable securities	865	1,028
Customer deposits	306,007	283,154
Accounts receivable, net	88,156	76,828
Deferred income taxes	34,824	34,741
Prepaid expenses and other current assets	32,217	52,831
Total current assets	1,668,870	1,366,197
Property and equipment, net	188,253	188,997
Goodwill, net	591,091	691,322
Purchased intangible assets, net	125,445	132,467
Long-term deferred income taxes	183,061	183,061
Loans to executive officers and other employees	19,690	19,410
Other assets	13,857	18,229
Total assets	<u>\$2,790,267</u>	<u>\$ 2,599,683</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 56,786	\$ 84,633
Accrued compensation and related liabilities	118,678	68,293
Payroll service obligations	306,007	283,154
Deferred revenue	178,840	183,189
Income taxes payable	76,725	42,248
Other current liabilities	59,129	58,767
Total current liabilities	796,165	720,284
Long-term obligations	29,265	31,058
Stockholders' equity	1,964,837	1,848,341
Total liabilities and stockholders' equity	<u>\$2,790,267</u>	<u>\$ 2,599,683</u>

Note: Cash and short-term investments declined during the first quarter of fiscal 2004 due to our use of cash for normal seasonal operating needs, for our stock repurchase programs and for the acquisition of Innovative Merchant Solutions.

Table D1
INTUIT INC.
RECONCILIATION OF GUIDANCE FOR PRO FORMA FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME, AND EPS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ending January 31, 2004				
	Pro Forma		Adjustments	GAAP	
	Range of Estimate			Range of Estimate	
	From	To		From	To
Revenue	\$ 615,000	\$ 640,000	\$ -	\$ 615,000	\$ 640,000
Operating income	208,000	218,000	(9,900) [a]	198,100	208,100
Interest and other income	3,000	5,000	-	3,000	5,000
Diluted earnings per share	\$ 0.66	\$ 0.71	\$ (0.03) [b]	\$ 0.63	\$ 0.68
Shares	208,000	212,000	-	208,000	212,000

	Twelve Months Ending July 31, 2004				
	Pro Forma		Adjustments	GAAP	
	Range of Estimate			Range of Estimate	
	From	To		From	To
Revenue	\$ 1,850,000	\$ 1,950,000	\$ -	\$ 1,850,000	\$ 1,950,000
Operating income	480,000	510,000	(37,000) [c]	443,000	473,000
Interest and other income	20,000	25,000	-	20,000	25,000
Diluted earnings per share	\$ 1.57	\$ 1.67	\$ (0.11) [d]	\$ 1.46	\$ 1.56
Shares	210,000	215,000	-	210,000	215,000

- [a] Reflects estimated adjustments for amortization of purchased software of approximately \$3.3 million and amortization of purchased intangible assets of approximately \$6.6 million for the three months ending January 31, 2004.
- [b] Net of related income tax expense, the pro forma adjustments in item [a] result in a \$0.03 per diluted share adjustment for the three months ending January 31, 2004.
- [c] Reflects estimated adjustments for amortization of purchased software of approximately \$13.0 million and amortization of purchased intangible assets of approximately \$24.0 million for the twelve months ending July 31, 2004.
- [d] Net of related income tax expense, the pro forma adjustments in item [c] result in a \$0.11 per diluted share adjustment for the twelve months ending July 31, 2004.

The pro forma, or non-GAAP, financial measures above should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). These pro forma financial measures are not prepared in accordance with GAAP and likely are different from pro forma financial measures used by other companies. Intuit's management believes that these pro forma financial measures provide meaningful supplemental information regarding Intuit's core operating results because they exclude amounts that are not necessarily related to Intuit's core operating results. Intuit's management refers to these pro forma financial measures in assessing the performance of Intuit's ongoing operations and for planning and forecasting in future periods. These pro forma financial measures also facilitate management's internal comparisons to Intuit's historical operating results. In addition, Intuit has historically reported similar pro forma financial measures and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Intuit computes pro forma financial measures using the same consistent method from quarter to quarter and year to year.

The reconciliations of the forward-looking pro forma financial measures to GAAP in this Table D1 include all information reasonably available to Intuit at the date of this press release. The adjustments in this table are those that management can predict. Intuit's pro forma financial measures exclude acquisition-related charges, discontinued operations and gains and losses on marketable securities. Events that could cause the reconciliation to change include acquisitions and divestitures of businesses, goodwill and other asset impairments and sales of marketable securities.

TABLE D2
INTUIT INC.
RECONCILIATION OF SUPPLEMENTAL PRO FORMA FINANCIAL MEASURES
TO MOST DIRECTLY COMPARABLE GAAP MEASURES
(In thousands, except per share amounts)
(Unaudited)

Three Months Ended January 31, 2003			
	Pro Forma	Adjustments	GAAP
Revenue	\$ 558,076	\$ -	\$ 558,076
Operating income	184,421	(13,742) [a]	170,679
Diluted earnings per share	\$ 0.61	\$ (0.01) [b]	\$ 0.60
Twelve Months Ended July 31, 2003			
	Pro Forma	Adjustments	GAAP
Revenue	\$ 1,650,743	\$ -	\$ 1,650,743
Operating income	\$ 399,834	\$ (56,602) [c]	\$ 343,232
Operating margin	24.2%	-3.4% [c]	20.8%
Diluted earnings per share	\$ 1.39	\$ 0.24 [d]	\$ 1.63
Twelve Months Ended July 31, 2000			
	Pro Forma	Adjustments	GAAP
Revenue	\$ 981,718	\$ -	\$ 981,718
Operating income	\$ 170,937	\$ (158,523) [e]	\$ 12,414
Operating margin	17.4%	-16.1% [e]	1.3%
Diluted earnings per share	\$ 0.69	\$ 0.76 [f]	\$ 1.45

- [a] Reflects adjustments for amortization of purchased software of \$3.5 million, charges for purchased research and development of \$1.1 million and amortization of purchased intangible assets of \$9.1 million for the three months ended January 31, 2003.
- [b] Reflects the adjustments in item [a] and adjustments for net gains on marketable securities of \$2.8 million and net income from discontinued operations of \$3.1 million. Net of related income tax expense, these pro forma adjustments resulted in a \$0.01 per diluted share adjustment for the three months ended January 31, 2003.
- [c] Reflects adjustments for amortization of purchased software of \$13.8 million, charges for purchased research and development of \$8.9 million and amortization of purchased intangible assets of \$33.9 million, resulting in a 3.4% adjustment to operating margin for the twelve months ended July 31, 2003.
- [d] Reflects the adjustments in item [c] and adjustments for net gains on marketable securities of \$10.9 million and net income from discontinued operations of \$79.8 million. Net of related income tax expense, these pro forma adjustments resulted in a \$0.24 per diluted share adjustment for the twelve months ended July 31, 2003.
- [e] Reflects adjustments for amortization of purchased software of \$7.0 million, charges for purchased research and development of \$1.3 million and amortization of goodwill and purchased intangible assets of \$150.2 million, resulting in a 16.1% adjustment to operating margin for the twelve months ended July 31, 2000.
- [f] Reflects the adjustments in item [e] and adjustments for net gains on marketable securities of \$481.1 million and net income from discontinued operations of \$20.0 million. Net of related income tax expense, these pro forma adjustments resulted in a \$0.76 per diluted share adjustment for the twelve months ended July 31, 2000.

The pro forma, or non-GAAP, financial measures above should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles (“GAAP”). These pro forma financial measures are not prepared in accordance with GAAP and likely are different from pro forma financial measures used by other companies. Intuit’s management believes that these pro forma financial measures provide meaningful supplemental information regarding Intuit’s core operating results because they exclude amounts that are not necessarily related to Intuit’s core operating results. Intuit’s management refers to these pro forma financial measures in assessing the performance of Intuit’s ongoing operations and for planning and forecasting in future periods. These pro forma financial measures also facilitate management’s internal comparisons to Intuit’s historical operating results. In addition, Intuit has historically reported similar pro forma financial measures and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Intuit computes pro forma financial measures using the same consistent method from quarter to quarter and year to year.