

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

	Three Months Ended	
	October 31,	
	2001	2002
	<u> </u>	<u> </u>
Net revenue:		
Products	\$ 114,583	\$ 146,992
Services	36,755	60,941
Other	17,389	15,349
Total net revenue	<u>168,727</u>	<u>223,282</u>
Costs and expenses:		
Cost of revenue:		
Products, services and other	61,789	71,313
Amortization of purchased software	1,706	2,977
Customer service and technical support	37,759	41,752
Selling and marketing	59,953	78,801
Research and development	48,857	65,682
General and administrative	26,557	40,161
Charge for purchased research and development	-	7,789
Acquisition-related charges	41,081	9,455
Loss on impairment of long-lived asset	27,000	-
Total costs and expenses	<u>304,702</u>	<u>317,930</u>
Loss from continuing operations	(135,975)	(94,648)
Interest and other income	9,810	8,336
Gains (losses) on marketable securities and other investments, net	<u>(12,254)</u>	<u>253</u>
Loss from continuing operations before income taxes	(138,419)	(86,059)
Income tax benefit (i)	<u>(36,263)</u>	<u>(25,818)</u>
Loss from continuing operations	(102,156)	(60,241)
Discontinued operations, net of income taxes (vi):		
Net income from Quicken Loans discontinued operations	9,729	-
Gain on disposal of Quicken Loans discontinued operations	-	5,556
Net income from discontinued operations	<u>9,729</u>	<u>5,556</u>
Net loss	<u>\$ (92,427)</u>	<u>\$ (54,685)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.48)	\$ (0.29)
Basic and diluted net income per share from discontinued operations	0.04	0.03
Basic and diluted net loss per share	<u>\$ (0.44)</u>	<u>\$ (0.26)</u>
Shares used in basic and diluted per share amounts	<u>211,039</u>	<u>207,965</u>

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

	Three Months Ended October 31, 2001			Three Months Ended October 31, 2002		
	Pro Forma			Pro Forma		
	GAAP	Adjmts	Pro Forma	GAAP	Adjmts	Pro Forma
Net revenue:						
Products	\$ 114,583	\$ -	\$ 114,583	\$ 146,992	\$ -	\$ 146,992
Services	36,755	-	36,755	60,941	-	60,941
Other	17,389	-	17,389	15,349	-	15,349
Total net revenue	<u>168,727</u>	<u>-</u>	<u>168,727</u>	<u>223,282</u>	<u>-</u>	<u>223,282</u>
Costs and expenses:						
Cost of revenue:						
Products, services and other	61,789	-	61,789	71,313	-	71,313
Amortization of purchased software	1,706	(1,706)	-	2,977	(2,977)	-
Customer service and technical support	37,759	-	37,759	41,752	-	41,752
Selling and marketing	59,953	-	59,953	78,801	-	78,801
Research and development	48,857	-	48,857	65,682	-	65,682
General and administrative	26,557	-	26,557	40,161	-	40,161
Charge for purchased research and development	-	-	-	7,789	(7,789)	-
Acquisition-related charges	41,081	(41,081)	-	9,455	(9,455)	-
Loss on impairment of long-lived asset	27,000	(27,000)	-	-	-	-
Total costs and expenses	<u>304,702</u>	<u>(69,787)</u>	<u>234,915</u>	<u>317,930</u>	<u>(20,221)</u>	<u>297,709</u>
Loss from continuing operations	(135,975)	69,787	(66,188)	(94,648)	20,221	(74,427)
Interest and other income	9,810	-	9,810	8,336	-	8,336
Gains (losses) on marketable securities and other investments, net	(12,254)	12,254	-	253	(253)	-
Loss from continuing operations before income taxes	(138,419)	82,041	(56,378)	(86,059)	19,968	(66,091)
Income tax (benefit) provision	(36,263)	17,658	(18,605)	(25,818)	4,008	(21,810)
Loss from continuing operations	(102,156)	64,383	(37,773)	(60,241)	15,960	(44,281)
Discontinued operations, net of income taxes:						
Net income from Quicken Loans discontinued operations	9,729	(9,729)	-	-	-	-
Gain on disposal of Quicken Loans discontinued operations	-	-	-	5,556	(5,556)	-
Net income from discontinued operations	9,729	(9,729)	-	5,556	(5,556)	-
Net loss	<u>\$ (92,427)</u>	<u>\$ 54,654</u>	<u>\$ (37,773)</u>	<u>\$ (54,685)</u>	<u>\$ 10,404</u>	<u>\$ (44,281)</u>
Basic and diluted net loss per share from continuing operations	\$ (0.48)		\$ (0.18)	\$ (0.29)		\$ (0.21)
Basic and diluted net income per share from discontinued operations	0.04		-	0.03		-
Basic and diluted net loss per share	<u>\$ (0.44)</u>		<u>\$ (0.18)</u>	<u>\$ (0.26)</u>		<u>\$ (0.21)</u>
Shares used in basic and diluted per share amounts	<u>211,039</u>		<u>211,039</u>	<u>207,965</u>		<u>207,965</u>

The pro forma information above is not prepared in accordance with generally accepted accounting principles ("GAAP"). It is presented for informational purposes only, to give investors an alternative method of assessing the results of the company's core operating businesses. See Notes ii through vi for details. This pro forma information should not be considered a substitute for the GAAP financial information. The company's pro forma information is presented using the same consistent standards from quarter to quarter and year to year. Because there are no generally accepted industry standards for presenting pro forma results, the method Intuit uses may differ from the methods used by other companies. In addition, pro forma presentations are a current topic of proposed SEC rules. These rules may change the way in which we present our non-GAAP financial information.

Notes to Tables A and B:

- i. There is a difference in the effective tax rate for each of these periods, primarily due to the net effect of non-deductible merger and divestiture related charges offset by the benefit received from tax-exempt interest income and various tax credits.
- ii. Table B reconciles the differences between the GAAP statements of operations and the pro forma statements of operations for the three months ended October 31, 2001 and October 31, 2002. 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 increases 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 (losses) 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 increases pro forma results compared to GAAP results. Eliminating gain line items decreases pro forma results compared to GAAP results.
- iii. Acquisition-related charges include amortization of goodwill and intangible assets as well as impairment charges. For the three months ended October 31, 2001, amortization of goodwill was \$32.8 million, amortization of intangible assets was \$8.3 million and there were no impairment charges. For the three months ended October 31, 2002, there was no goodwill amortization due to the implementation of Statement of Financial Accounting Standards No. 142 on August 1, 2002. Intangible asset amortization during the quarter was \$9.5 million and there were no impairment charges.
- iv. The loss on impairment of long-lived asset recorded for the three months ended October 31, 2001 reflects the write-off of an asset we received when we divested our Quicken Bill Manager business.
- v. Gains and losses on marketable securities and other investments, net 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 three months ended October 31, 2001 we recorded losses for other-than-temporary declines in value of \$7.2 million for trading securities and \$3.3 million for certain long-term investments. There were no losses for other-than-temporary declines in value during the three months ended October 31, 2002.
- vi. On July 31, 2002, we sold our Quicken Loans mortgage business to Rock Acquisition Corporation. We accounted for the sale as discontinued operations and, accordingly, the operating results of Quicken Loans have been segregated from continuing operations on the statement of operations for the three months ended October 31, 2001. Income taxes netted against net income from discontinued operations amounted to \$5.5 million for that period. On October 30, 2002 we sold our residual minority equity interest in Rock and recorded a gain of \$5.6 million. We also received payment in full on a \$23.3 million promissory note from Rock. We did not record a tax benefit related to the transaction because we cannot be assured that we will realize the tax benefit.

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

	<u>July 31,</u> <u>2002</u>	<u>October 31,</u> <u>2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 435,087	\$ 308,176
Short-term investments	815,342	522,980
Marketable securities	16,791	27,462
Customer deposits	300,409	308,149
Accounts receivable, net	56,467	65,353
Deferred income taxes	67,799	66,957
Prepaid income taxes	-	56,915
Prepaid expenses and other current assets	50,729	36,771
Amounts due from discontinued operations entities	<u>252,869</u>	<u>184,538</u>
Total current assets	1,995,493	1,577,301
Property and equipment, net	181,758	189,550
Goodwill and purchased intangibles, net	554,422	707,402
Long-term deferred income taxes	176,553	171,428
Loans to executive officers and other employees	21,270	20,585
Other assets	<u>33,530</u>	<u>13,481</u>
Total assets	<u><u>\$ 2,963,026</u></u>	<u><u>\$ 2,679,747</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 76,669	\$ 80,847
Accrued compensation and related liabilities	91,507	77,595
Payroll service obligations	300,381	308,117
Deferred revenue	159,758	166,075
Income taxes payable	442	-
Short-term note payable	17,926	18,026
Other current liabilities	<u>86,094</u>	<u>87,092</u>
Total current liabilities	732,777	737,752
Long-term obligations	14,610	14,384
Stockholders' equity	<u>2,215,639</u>	<u>1,927,611</u>
Total liabilities and stockholders' equity	<u><u>\$ 2,963,026</u></u>	<u><u>\$ 2,679,747</u></u>