

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

	Three Months Ended July 31, 2001			Three Months Ended July 31, 2002		
	Pro Forma			Pro Forma		
	GAAP	Adjmts	Pro Forma	GAAP	Adjmts	Pro Forma
Net revenue:						
Products	\$ 97,406	\$ -	\$ 97,406	\$ 131,875	\$ -	\$ 131,875
Services	38,748	-	38,748	51,681	-	51,681
Other	14,164	-	14,164	13,603	-	13,603
Total net revenue	<u>150,318</u>	<u>-</u>	<u>150,318</u>	<u>197,159</u>	<u>-</u>	<u>197,159</u>
Costs and expenses:						
Cost of revenue:						
Products, services and other	54,730	-	54,730	56,702	-	56,702
Amortization of purchased software and other	3,729	(3,729)	-	1,981	(1,981)	-
Customer service and technical support	32,193	-	32,193	38,327	-	38,327
Selling and marketing	44,495	-	44,495	62,907	-	62,907
Research and development	50,917	-	50,917	49,992	-	49,992
General and administrative	23,454	-	23,454	27,394	-	27,394
Charge for purchased research and development	-	-	-	2,151	(2,151)	-
Charge for vacant facilities	-	-	-	-	-	-
Acquisition-related charges	42,869	(42,869)	-	40,886	(40,886)	-
Loss on impairment of long-lived asset	-	-	-	-	-	-
Total costs and expenses	<u>252,387</u>	<u>(46,598)</u>	<u>205,789</u>	<u>280,340</u>	<u>(45,018)</u>	<u>235,322</u>
Income (loss) from continuing operations	(102,069)	46,598	(55,471)	(83,181)	45,018	(38,163)
Interest and other income and expense, net	11,368	-	11,368	8,440	-	8,440
Gains (losses) on marketable securities and other investments, net	(10,746)	10,746	-	(6,269)	6,269	-
Gains (losses) on divestitures	(16,954)	16,954	-	-	-	-
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	(118,401)	74,298	(44,103)	(81,010)	51,287	(29,723)
Income tax benefit (provision)	45,459	(30,464)	14,995	15,235	(5,426)	9,809
Income (loss) from continuing operations before cumulative effect of accounting change	<u>(72,942)</u>	<u>43,834</u>	<u>(29,108)</u>	<u>(65,775)</u>	<u>45,861</u>	<u>(19,914)</u>
Discontinued operations, net of income taxes:						
Net income (loss) from Quicken Loans discontinued operations	11,653	(11,653)	-	10,713	(10,713)	-
Gain (loss) on disposal of Quicken Loans discontinued operations	-	-	-	23,300	(23,300)	-
Net income (loss) from discontinued operations	<u>11,653</u>	<u>(11,653)</u>	<u>-</u>	<u>34,013</u>	<u>(34,013)</u>	<u>-</u>
Cumulative effect of accounting change, net of income taxes	-	-	-	-	-	-
Net income (loss)	<u>\$ (61,289)</u>	<u>\$ 32,181</u>	<u>\$ (29,108)</u>	<u>\$ (31,762)</u>	<u>\$ 11,848</u>	<u>\$ (19,914)</u>
Basic net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.35)		\$ (0.14)	\$ (0.31)		\$ (0.09)
Net income per share from discontinued operations	0.06		-	0.16		-
Cumulative effect of accounting change per share	-		-	-		-
Basic net income (loss) per share	<u>\$ (0.29)</u>		<u>\$ (0.14)</u>	<u>\$ (0.15)</u>		<u>\$ (0.09)</u>
Shares used in basic per share amounts	<u>209,800</u>		<u>209,800</u>	<u>212,003</u>		<u>212,003</u>
Diluted net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.35)		\$ (0.14)	\$ (0.31)		\$ (0.09)
Net income per share from discontinued operations	0.06		-	0.16		-
Cumulative effect of accounting change per share	-		-	-		-
Diluted net income (loss) per share	<u>\$ (0.29)</u>		<u>\$ (0.14)</u>	<u>\$ (0.15)</u>		<u>\$ (0.09)</u>
Shares used in diluted per share amounts	<u>209,800</u>		<u>209,800</u>	<u>212,003</u>		<u>212,003</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 vii 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 industry standards for presenting pro forma results, the method Intuit uses may differ from the methods used by other companies.

Table B2
INTUIT INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (ii)-(vii)
(In thousands, except per share data)
(unaudited)

	Twelve Months Ended July 31, 2001			Twelve Months Ended July 31, 2002		
	GAAP	Pro Forma Adjmts	Pro Forma	GAAP	Pro Forma Adjmts	Pro Forma
	Net revenue:					
Products	\$ 834,190	\$ -	\$ 834,190	\$ 1,001,782	\$ -	\$ 1,001,782
Services	240,381	-	240,381	293,405	-	293,405
Other	73,834	-	73,834	63,161	-	63,161
Total net revenue	<u>1,148,405</u>	<u>-</u>	<u>1,148,405</u>	<u>1,358,348</u>	<u>-</u>	<u>1,358,348</u>
Costs and expenses:						
Cost of revenue:						
Products, services and other	279,305	-	279,305	296,830	-	296,830
Amortization of purchased software and other	14,949	(14,949)	-	12,423	(12,423)	-
Customer service and technical support	145,522	-	145,522	173,080	-	173,080
Selling and marketing	235,256	-	235,256	278,826	-	278,826
Research and development	203,739	-	203,739	203,522	-	203,522
General and administrative	95,704	-	95,704	110,441	-	110,441
Charge for purchased research and development	238	(238)	-	2,151	(2,151)	-
Charge for vacant facilities	-	-	-	13,237	-	13,237
Acquisition-related charges	248,179	(248,179)	-	181,616	(181,616)	-
Loss on impairment of long-lived asset	-	-	-	27,000	(27,000)	-
Total costs and expenses	<u>1,222,892</u>	<u>(263,366)</u>	<u>959,526</u>	<u>1,299,126</u>	<u>(223,190)</u>	<u>1,075,936</u>
Income (loss) from continuing operations	(74,487)	263,366	188,879	59,222	223,190	282,412
Interest and other income and expense, net	57,303	-	57,303	32,944	-	32,944
Gains (losses) on marketable securities and other investments, net	(98,053)	98,053	-	(15,535)	15,535	-
Gains (losses) on divestitures	(15,315)	15,315	-	8,308	(8,308)	-
Income (loss) from continuing operations before income taxes and cumulative effect of accounting change	(130,552)	376,734	246,182	84,939	230,417	315,356
Income tax benefit (provision)	12,473	(96,175)	(83,702)	(15,179)	(88,888)	(104,067)
Income (loss) from continuing operations before cumulative effect of accounting change	<u>(118,079)</u>	<u>280,559</u>	<u>162,480</u>	<u>69,760</u>	<u>141,529</u>	<u>211,289</u>
Discontinued operations, net of income taxes:						
Net income (loss) from Quicken Loans discontinued operations	20,972	(20,972)	-	47,100	(47,100)	-
Gain (loss) on disposal of Quicken Loans discontinued operations	-	-	-	23,300	(23,300)	-
Net income (loss) from discontinued operations	<u>20,972</u>	<u>(20,972)</u>	<u>-</u>	<u>70,400</u>	<u>(70,400)</u>	<u>-</u>
Cumulative effect of accounting change, net of income taxes	14,314	(14,314)	-	-	-	-
Net income (loss)	<u>\$ (82,793)</u>	<u>\$ 245,273</u>	<u>\$ 162,480</u>	<u>\$ 140,160</u>	<u>\$ 71,129</u>	<u>\$ 211,289</u>
Basic net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.57)		\$ 0.78	\$ 0.33		\$ 1.00
Net income per share from discontinued operations	0.10		-	0.33		-
Cumulative effect of accounting change per share	0.07		-	-		-
Basic net income (loss) per share	<u>\$ (0.40)</u>		<u>\$ 0.78</u>	<u>\$ 0.66</u>		<u>\$ 1.00</u>
Shares used in basic per share amounts	<u>207,959</u>		<u>207,959</u>	<u>211,794</u>		<u>211,794</u>
Diluted net income (loss) per share from continuing operations before cumulative effect of accounting change	\$ (0.57)		\$ 0.75	\$ 0.32		\$ 0.97
Net income per share from discontinued operations	0.10		-	0.32		-
Cumulative effect of accounting change per share	0.07		-	-		-
Diluted net income (loss) per share	<u>\$ (0.40)</u>		<u>\$ 0.75</u>	<u>\$ 0.64</u>		<u>\$ 0.97</u>
Shares used in diluted per share amounts	<u>207,959</u>		<u>215,355</u>	<u>217,897</u>		<u>217,897</u>

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Notes to Tables A, B1 and B2:

- i. There is a difference in the effective tax rate for each of these periods, primarily due to the tax benefit related to divestitures that became available in the second quarter of fiscal 2002.
- ii. Tables B1 and B2 reconcile the differences between the GAAP statements of operations and the pro forma statements of operations for the three and twelve months ended July 31, 2002 and July 31, 2001. Pro forma operating income 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. Eliminating cost or expense items increases pro forma results compared to GAAP results. Pro forma net income starts with pro forma operating income 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. 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.
- iii. Acquisition-related charges include amortization of goodwill and intangibles as well as impairment charges. For the three and twelve months ended July 31, 2001, amortization was \$41.2 million and \$169.5 million. The company also recorded impairment charges of \$1.7 million for its Hutchison acquisition for the three and twelve months ended July 31, 2001 and \$51.0 million and \$26.0 million for its VFSC and SecureTax acquisitions for the twelve months ended July 31, 2001. For the three and twelve months ended July 31, 2002, goodwill and intangibles amortization were \$40.9 million and \$159.6 million. The company also recorded impairment charges of \$17.4 million for its Internet-based advertising revenue business and \$4.6 million for its Boston Light subsidiary for the twelve months ended July 31, 2002. Amortization relating to the Lacerte Software Corporation and Computing Resources, Inc. acquisitions constituted approximately 40% and 20% of amortization costs for all periods presented.
- iv. Loss on impairment of long-lived asset reflects the write off of an asset the company received when it divested its 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 twelve months ended July 31, 2001 the company recorded losses for other-than-temporary declines in value of \$68.8 million for marketable securities and other investments and \$40.0 million for declines in the value of trading securities. For the three and twelve months ended July 31, 2002, the company recorded losses of \$6.2 million and \$9.5 million for other-than-temporary declines in the value of other investments.
- vi. We recorded a pretax loss of \$16.9 million for the divestiture of our Quicken Bill Manager business in the three and twelve months ended July 31, 2001 and a pretax gain of \$1.6 million for the divestiture of our Quicken Insurance business in the twelve months ended July 31, 2001. In the twelve months ended July 31, 2002, we recorded a pretax gain of \$8.3 million on termination of an interactive services agreement that was related to our Quicken Bill Manager business.
- vii. 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 and twelve months ended July 31, 2001 and 2002. Income taxes netted against net income from discontinued operations amounted to \$6.7 million and \$6.0 million for the three months ended July 31, 2001 and 2002 and \$12.2 million and \$26.5 million for the twelve months then ended. The tax benefit related to the \$23.3 million gain on the transaction was not recorded because its realization is not assured.