

**Table B1**  
**INTUIT INC.**  
**RECONCILIATION OF PRO FORMA FINANCIAL MEASURES**  
**TO GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (ii)-(v)**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended July 31, 2002			Three Months Ended July 31, 2003		
	Pro Forma	Adjmts (ii)	GAAP	Pro Forma	Adjmts (ii)	GAAP
Net revenue:						
Product	\$ 126,647	\$ -	\$ 126,647	\$ 159,297	\$ -	\$ 159,297
Service	46,518	-	46,518	66,612	-	66,612
Other	13,685	-	13,685	19,188	-	19,188
Total net revenue	186,850	-	186,850	245,097	-	245,097
Costs and expenses:						
Cost of revenue:						
Product, service and other	55,677	-	55,677	69,561	-	69,561
Amortization of purchased software	-	1,981	1,981	-	3,639	3,639
Customer service and technical support	36,391	-	36,391	37,684	-	37,684
Selling and marketing	59,875	-	59,875	68,664	-	68,664
Research and development	48,835	-	48,835	63,612	-	63,612
General and administrative	27,249	-	27,249	36,591	-	36,591
Charge for purchased research and development	-	2,151	2,151	-	-	-
Charge (credit) for vacant facilities	-	-	-	(1,069)	-	(1,069)
Acquisition-related charges (iii)	-	40,886	40,886	-	6,932	6,932
Loss on impairment of long-lived asset	-	-	-	-	-	-
Total costs and expenses	228,027	45,018	273,045	275,043	10,571	285,614
Income (loss) from continuing operations	(41,177)	(45,018)	(86,195)	(29,946)	(10,571)	(40,517)
Interest and other income	2,629	-	2,629	13,945	-	13,945
Gains (losses) on marketable securities and other investments, net	-	(6,269)	(6,269)	-	818	818
Gain on divestiture of business	-	-	-	-	-	-
Income (loss) from continuing operations before income taxes	(38,548)	(51,287)	(89,835)	(16,001)	(9,753)	(25,754)
Income tax (benefit) provision	(12,721)	(1,437)	(14,158)	(5,280)	4,214	(1,066)
Net income (loss) from continuing operations	(25,827)	(49,850)	(75,677)	(10,721)	(13,967)	(24,688)
Discontinued operations, net of income taxes:						
Net income from Quicken Loans discontinued operations (iv)	-	10,713	10,713	-	-	-
Gain on disposal of Quicken Loans discontinued operations (iv)	-	23,300	23,300	-	-	-
Net income from Intuit KK discontinued operations (v)	-	9,902	9,902	-	-	-
Gain on disposal of Intuit KK discontinued operations (v)	-	-	-	-	-	-
Net income from discontinued operations	-	43,915	43,915	-	-	-
Net income (loss)	<u>\$ (25,827)</u>	<u>\$ (5,935)</u>	<u>\$ (31,762)</u>	<u>\$ (10,721)</u>	<u>\$ (13,967)</u>	<u>\$ (24,688)</u>
Basic net income (loss) per share from continuing operations	\$ (0.12)		\$ (0.36)	\$ (0.05)		\$ (0.12)
Basic net income per share from discontinued operations	-		0.21	-		-
Basic net income (loss) per share	<u>\$ (0.12)</u>		<u>\$ (0.15)</u>	<u>\$ (0.05)</u>		<u>\$ (0.12)</u>
Shares used in basic per share amounts	<u>212,003</u>		<u>212,003</u>	<u>201,819</u>		<u>201,819</u>
Diluted net income (loss) per share from continuing operations	\$ (0.12)		\$ (0.36)	\$ (0.05)		\$ (0.12)
Diluted net income per share from discontinued operations	-		0.21	-		-
Diluted net income (loss) per share	<u>\$ (0.12)</u>		<u>\$ (0.15)</u>	<u>\$ (0.05)</u>		<u>\$ (0.12)</u>
Shares used in diluted per share amounts	<u>212,003</u>		<u>212,003</u>	<u>201,819</u>		<u>201,819</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 ii through v for details.

**Table B2**  
**INTUIT INC.**  
**RECONCILIATION OF PRO FORMA FINANCIAL MEASURES**  
**TO GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (ii)-(v)**  
(In thousands, except per share amounts)  
(Unaudited)

	Twelve Months Ended			Twelve Months Ended		
	July 31, 2002			July 31, 2003		
	Pro Forma	Adjmts (ii)	GAAP	Pro Forma	Adjmts (ii)	GAAP
Net revenue:						
Product	\$ 977,528	\$ -	\$ 977,528	\$ 1,157,943	\$ -	\$ 1,157,943
Service	273,575	-	273,575	423,548	-	423,548
Other	61,125	-	61,125	69,252	-	69,252
Total net revenue	<u>1,312,228</u>	<u>-</u>	<u>1,312,228</u>	<u>1,650,743</u>	<u>-</u>	<u>1,650,743</u>
Costs and expenses:						
Cost of revenue:						
Product, service and other	289,373	-	289,373	343,964	-	343,964
Amortization of purchased software	-	12,423	12,423	-	13,796	13,796
Customer service and technical support	164,875	-	164,875	178,949	-	178,949
Selling and marketing	263,721	-	263,721	324,389	-	324,389
Research and development	198,471	-	198,471	255,821	-	255,821
General and administrative	109,076	-	109,076	148,855	-	148,855
Charge for purchased research and development	-	2,151	2,151	-	8,859	8,859
Charge (credit) for vacant facilities	13,237	-	13,237	(1,069)	-	(1,069)
Acquisition-related charges (iii)	-	181,401	181,401	-	33,947	33,947
Loss on impairment of long-lived asset	-	27,000	27,000	-	-	-
Total costs and expenses	<u>1,038,753</u>	<u>222,975</u>	<u>1,261,728</u>	<u>1,250,909</u>	<u>56,602</u>	<u>1,307,511</u>
Income (loss) from continuing operations	273,475	(222,975)	50,500	399,834	(56,602)	343,232
Interest and other income	27,276	-	27,276	38,694	-	38,694
Gains (losses) on marketable securities and other investments, net	-	(15,535)	(15,535)	-	10,912	10,912
Gain on divestiture of business	-	8,308	8,308	-	-	-
Income (loss) from continuing operations before income taxes	300,751	(230,202)	70,549	438,528	(45,690)	392,838
Income tax (benefit) provision	99,248	(82,314)	16,934	144,714	(15,078)	129,636
Net income (loss) from continuing operations	<u>201,503</u>	<u>(147,888)</u>	<u>53,615</u>	<u>293,814</u>	<u>(30,612)</u>	<u>263,202</u>
Discontinued operations, net of income taxes:						
Net income from Quicken Loans discontinued operations (iv)	-	47,100	47,100	-	-	-
Gain on disposal of Quicken Loans discontinued operations (iv)	-	23,300	23,300	-	5,556	5,556
Net income from Intuit KK discontinued operations (v)	-	16,145	16,145	-	3,267	3,267
Gain on disposal of Intuit KK discontinued operations (v)	-	-	-	-	71,009	71,009
Net income from discontinued operations	<u>-</u>	<u>86,545</u>	<u>86,545</u>	<u>-</u>	<u>79,832</u>	<u>79,832</u>
Net income (loss)	<u>\$ 201,503</u>	<u>\$ (61,343)</u>	<u>\$ 140,160</u>	<u>\$ 293,814</u>	<u>\$ 49,220</u>	<u>\$ 343,034</u>
Basic net income (loss) per share from continuing operations	\$ 0.95		\$ 0.25	\$ 1.43		\$ 1.28
Basic net income per share from discontinued operations	-		0.41	-		0.39
Basic net income (loss) per share	<u>\$ 0.95</u>		<u>\$ 0.66</u>	<u>\$ 1.43</u>		<u>\$ 1.67</u>
Shares used in basic per share amounts	<u>211,794</u>		<u>211,794</u>	<u>205,294</u>		<u>205,294</u>
Diluted net income (loss) per share from continuing operations	\$ 0.92		\$ 0.24	\$ 1.39		\$ 1.25
Diluted net income per share from discontinued operations	-		0.40	-		0.38
Diluted net income (loss) per share	<u>\$ 0.92</u>		<u>\$ 0.64</u>	<u>\$ 1.39</u>		<u>\$ 1.63</u>
Shares used in diluted per share amounts	<u>217,897</u>		<u>217,897</u>	<u>210,955</u>		<u>210,955</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 ii through v for details.

## Notes to Tables A1, B1 and B2:

- 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. Tables B1 and B2 reconcile 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 and twelve months ended July 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 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 and twelve months ended July 31, 2002, amortization of goodwill was \$29.2 million and \$122.6 million, amortization of intangible assets and deferred compensation was \$11.7 million and \$36.8 million, and there were \$22.0 million in impairment charges. For the three and twelve months ended July 31, 2003, there was no goodwill amortization due to the implementation of Statement of Financial Accounting Standards No. 142 on August 1, 2002. Amortization of intangible assets and deferred compensation during those periods was \$6.9 million and \$33.9 million, and there were no impairment charges.
- iv. 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 our statement of operations for the three and twelve months ended July 31, 2002. Income taxes netted against income from discontinued operations amounted to \$6.0 million and \$26.5 million for those periods. We recorded a \$23.3 million gain on the sale of Quicken Loans in the fourth quarter of fiscal 2002. In the first quarter of fiscal 2003, we sold our residual minority equity interest in Rock and recorded a gain of \$5.6 million.
- v. On February 7, 2003, we sold our wholly owned Japanese subsidiary, Intuit KK, to a private equity investment firm located in Japan for 9.5 billion yen or approximately \$79.0 million. We accounted for the sale as discontinued operations and, accordingly, the operating results of Intuit KK have been segregated from continuing operations on our statement of operations for all periods prior to the sale. Income tax benefits included in net income from discontinued operations amounted to \$1.1 million and \$1.8 million for the three and twelve months ended July 31, 2002. Income tax expense netted against net income from discontinued operations amounted to \$2.4 million for the first six months of fiscal 2003. In the third quarter of fiscal 2003, there was no material income or loss from Intuit KK discontinued operations and we recorded a gain of \$71.0 million on the sale, net of income taxes of \$5.1 million.