**Intuit Inc.**
**First-Quarter Fiscal 2009**
**Conference Call Remarks**

**November 19, 2008**

## Introduction

Good afternoon and welcome to Intuit's first-quarter 2009 earnings conference call. I'm here with Brad Smith, our president and CEO, and Neil Williams, our CFO.

Before we start, I'll remind you that our remarks include forward-looking statements. A number of factors could cause our results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon. They're also in our Form 10-K for fiscal 2008 and our other SEC filings. All of these documents are available on the Investor Relations page of Intuit's Web site at intuit.com. We assume no obligation to update any forward-looking statement.

Some of the numbers in this report are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's press release.

A copy of our prepared remarks and supplemental financial information will be available on our Web site after this call ends.

With that, I'll turn the call over to Brad Smith.

## First - Quarter 2009 Overview

Thanks, Jerry.

And thanks to all of you for joining us.

We just announced results for the first quarter of fiscal 2009 that were in our expected range for revenue and significantly above our expected range for operating income and EPS. We're pleased with the quarter, as we've demonstrated some resiliency on the top line and the ability to manage spending to deliver on the bottom line.

We also provided initial guidance for the second quarter and updated our guidance for the full year, reflecting what we've learned since our last update two months ago.

Business conditions have changed. We have seen 3 factors in particular that impact our business outlook for FY09:

- A decline in merchant transaction volume in our Payroll and Payments segment.
- Fewer new QuickBooks users than we'd expected.
- Adverse conditions in our Other Businesses segment

As a result, we now expect our fiscal 2009 revenue to grow 6 percent to 10 percent instead of the 9 percent to 12 percent we originally guided. Let me share a bit more detail on these three factors:

Growth in new merchants plus growth in transaction volume per merchant has been driving Payments revenue growth over the past couple of years. Growth in transaction volume per merchant began slowing in our third quarter of last year and was flat in our fourth quarter. Like other payments processors, we have seen transaction volume decline as consumers reduce their spending. New merchant acquisition is still strong at 18 percent. But it's not strong enough to compensate for the lower-than-expected transaction volume per merchant. We now expect full-year Payroll and Payments revenue to grow 10 percent to 14 percent, 4 points less than originally estimated.

As for QuickBooks, it's early in the season, but paid new users, which make up about 1/3 of our paid units in any given year, are running below expectations. Upgrades, so far, are in line with expectations. And we're seeing a lot of Free Simple Start registrations, which should result in higher Small Business ecosystem revenue in the future. However, for this year, we now expect full-year QuickBooks revenue to grow 5 percent to 9 percent, 3 points less than originally estimated.

The Other Businesses segment, which consists of our Canadian and UK businesses, Real Estate Solutions and Quicken, is being impacted by a stronger U.S. dollar and tough conditions for new license sales. Though less than 5 percent of our revenue is in a foreign currency, it's all in this segment. Since we established our plan in July, the U.S. dollar has strengthened about 20 percent. That has created a $20 million reduction in our revenue forecast, which is partly offset by a $13 million reduction in non-U.S. dollar expenses. In addition, we've reduced our expectations for Real Estate Solutions license sales. And Quicken revenue is being impacted by reduced consumer spending, particularly in retail. We now expect full-year Other Businesses segment revenue to range from a 4 percent decline to a 2 percent increase, about 10 points less than originally estimated.

Given this updated outlook, we've taken a hard look at our spending. Even with the reduced revenue growth of 6 percent to 10 percent, we expect to grow non-GAAP operating income from 9 percent to 13 percent.

And we expect non-GAAP EPS of $1.82 to $1.89, which is growth of 14 percent to 18 percent. These non-GAAP EPS figures include an estimated 4 cents per share benefit from the passage of the research and development tax credit.

It is important to note that within this context, we see real opportunity. These are challenging times, but this is an environment in which we should be able to build our customer base and strengthen our franchises.

Our products and services help customers save and make money. Said more simply: We put more money in our customers' pockets. This is beneficial in all business climates. And even more so when times are difficult. It's one of the reasons our core offerings have historically performed well in weak economies. We don't believe this time will be any different. And we believe this will be another good year for Intuit.

I'll share more of my perspective later in the call. But first, here's Neil to take us through the segments and financial details.

## First-Quarter 2009 Financial Highlights

Thanks Brad. Let's start with a high-level summary of our overall results.

- Revenue for the quarter was $481 million, up 8 percent year-over-year.
- The non-GAAP operating loss was $29 million, a $26 million improvement from the first quarter of last year.
- The non-GAAP loss per share was $0.09, 1 cent better than the loss in the first quarter of last year.

As a reminder, we normally lose money in the first quarter. That's because so much of our revenue comes in our second and third quarters, while most of our costs are spread fairly evenly over the year. We improved our non-GAAP operating loss because revenue increased in less-seasonal categories, such as Payroll and Payments. We also were very disciplined in our spending.

The non-GAAP loss per share didn't improve quite as dramatically as the non-GAAP operating loss because interest and other income was lower than last year.

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| | Non-GAAP | | | GAAP | | |
|---|---|---|---|---|---|---|
| | Q109 | Q108 | Change | Q109 | Q108 | Change |
| **Revenue** | $481 | $445 | +8% | $481 | $445 | +8% |
| **Operating Loss from Continuing Operations** | ($29) | ($56) | NA | ($76) | ($103) | NA |

| | | | | | | |
|---|---|---|---|---|---|---|
| **EPS*** | ($0.09) | ($0.10) | NA | ($0.16) | ($0.06) | NA |

*note: Q109 GAAP loss per share exceeds Q108 loss per share due to gain from sale of outsourced payroll assets and gain from discontinued operations in the Q108 figures. Without those gains, the loss per share in Q108 would have been approximately $0.19.

## Business Segment Results

## Small Business

Now let's review the segment results.

Total Small Business first-quarter revenue grew 11 percent year-over-year. Within Small Business, QuickBooks revenue grew 6 percent, and Payroll and Payments revenue grew 16 percent. Excluding Homestead and ECHO, which were acquired in the second and third quarters of fiscal 2008, respectively, Small Business revenue grew 5 percent, QuickBooks grew 1 percent and Payroll and Payments grew 9 percent.

Though the season hasn't started as strongly as we expected, we see some positive indicators.

- QuickBooks share is up about a point of share in retail. The category is down this year, but no one else is taking share from us.
- QuickBooks Enterprise revenue and our Web services customers continue to grow strongly.
- Our Payroll customer base growth has held steady at 3 percent, and our Payments customer base growth is still strong at 18 percent.
- And early feedback from accountants on the new release is positive. Almost 40 percent have said they are more likely to recommend QuickBooks 09 to their clients than last year's version.

On the other hand, as Brad mentioned, Payments transaction volume per merchant is down 4 percent from last year. That's lower than we expected. And we haven't yet seen the inflow of new QuickBooks users that typically occurs in down economies.

However, we do consider this the best QuickBooks product we've released in years and most early product reviews have been favorable. We also have an update planned for December that will further enhance the online banking functionality for accountants and upgraders.

It's important to point out that our Small Business revenue is still growing in what is historically our slowest Small Business quarter, even as small businesses themselves face a tough market environment. But we are being cautious and have updated our outlook accordingly.

## Tax

Turning to Tax, we have not changed our full-year revenue guidance for Consumer Tax or our Accounting Professionals segment.

TurboTax will go on sale in retail stores on Nov. 28, and the season begins in earnest in January. We'll provide tax season updates this year in the same time frame as last year. The first update is scheduled for February, when we announce second quarter results. The second will be in mid-March. The final update will come when the tax season ends in mid-April. We're excited about our offerings for this season as we continue to focus on ease, winning with free, and continued improvements in our marketing.

One more note on TurboTax: including federal e-file with our desktop products results in a shift of $10 million to $15 million in revenue from the second quarter to the third quarter.

## Financial Institutions

Financial Institutions revenue for the first quarter grew 3 percent year-over-year, as planned. This is down about $3 million from the fourth quarter of FY08. That's because the fourth quarter included a seasonal uptick in revenue associated with our Online Financial Exchange product, which financial institutions use to convert their information to a Quicken-compatible format.

Active online banking users grew 8 percent, a little lower than the second half of FY08 and down sequentially from Q408. New internet banking users continue to be added at about the same rate as prior quarters, but financial institutions are scrubbing their user bases and this quarter we had a relatively high number of internet banking users taken off the active list.

Bill pay users, which generate about 4 times the incremental revenue per user as online banking users, grew 18 percent. That's up from the second half of FY08. As we said at Investor Day, we expect to show continued user growth as we move through FY09, and expect to end the year with revenue growing at a double-digit run rate.

We have not changed our full-year revenue guidance for the Financial Institutions segment.

## Other Businesses

Other Businesses first-quarter revenue was flat versus the first quarter of last year. This segment would have grown 3 percent in constant currency. And as Brad mentioned, the strength of the U.S. dollar and revised expectations for our Real Estate Solutions business and Quicken have led us to reduce growth expectations in this segment by about 10 points. Of the 10, about 6 points are related to currency.

## Balance Sheet and Stock Repurchase Program

Moving to the balance sheet, we ended the first quarter with $747 million in cash and investments. We expect to generate about $1 billion in operating cash flow this fiscal year, and we've got a $500 million revolving line of credit that we have not accessed. We have a strong balance sheet and are not concerned with liquidity.

We have reviewed our potential customer credit risk, particularly with respect to retail and financial institutions. We continue to closely monitor the financial strength of our retail partners and believe we have taken the appropriate steps to limit our exposure. And we haven't seen significant weakness in our financial institutions customers.

Capital expenditures in the first quarter were $67 million. And we returned about $165 million of excess cash to shareholders by repurchasing 6 million shares of Intuit stock. We have $435 million remaining in our current repurchase program. Over the coming quarters, you're likely to see us dial back our repurchases a bit, but we're still comfortable with the overall share count for the year that we guided in August.

Let me conclude with this: We're comfortable with this updated guidance in the context of the current environment and based on what we know today. In an environment where consumers and small businesses need products and services that help them save and make money, we should do well.

With that, I'll turn the call back over to Brad.

## Business Perspective

Thanks, Neil.

In prior earnings calls and at Investor Day, I've talked about our focus on accelerating our growth rate by executing a clear strategy: Deliver easy-to-use connected services to solve important customer problems in an increasingly social, mobile and global world. We remain committed to our strategy and to our objective of accelerating revenue growth. But today I'm going to focus on delivering results in this year and what we're doing to execute effectively.

We're in an extremely volatile business environment. Even in this environment, we believe there are opportunities for companies who stay focused on delivering for customers to expand their franchises and strengthen their market positions. That's what we're doing.

Today's environment is certainly different than what we anticipated when we set our operating plans for FY09. Since then, we've analyzed and created scenarios to identify levers we can pull to adapt to changing business conditions. That game plan has been vetted with our board of directors and it's what our employees are focused on delivering. We're playing offense, not defense.

This plan boils down to four key points:

- First, we'll continue to focus on acquiring customers. We've proven that we can monetize them over time. The focus is customers, customers, customers.
- Second, we'll grow revenue faster than expenses. We'll maintain our operational rigor and adjust as needed to changing conditions.
- Third, we'll continue to pursue innovation. We made some strategic decisions at the end of FY08 to re-allocate investment to higher-yield opportunities, and we won't put those investments at risk.
- Finally, we'll look for assets in the market that will further strengthen our position and help us execute our growth strategy

We are maintaining a balanced perspective – neither optimistic nor pessimistic, but realistic. Reality comes with acknowledging potential risks. While some elements of our business are well insulated from tough macro-economic conditions, some do face potential risks. Here's how we assess them:

I'll start with our Tax business. Taxes need to be filed regardless of the economy, and our solutions are the best combination of value and customer experience. We feel confident this business will perform well.

We remain confident with Financial Institutions, as well, particularly in the short term. People still need to pay their bills and manage their bank accounts. Regional and community banks and credit unions need to offer compelling solutions to remain competitive and keep their best customers. We help them do that. And this business unit operates with multi-year contracts, so we've got good visibility into the projected revenue stream.

We're often asked whether consolidation in the industry will hurt us. We haven't seen that. And we don't see the largest banks aggressively acquiring smaller institutions in this environment. When there is consolidation among the institutions in our target market we generally pick up about as many end users as we lose.

In Small Business we've got Payroll, Payments and QuickBooks. We feel confident with Payroll. We're priced as the low-end disruptor and are generally paid in advance, starting at $99 a year. Retention rates remain the highest in the industry and we haven't seen a significant change in that since last quarter.

We've already talked about the declining transaction volume in Payments. However, we're very pleased with our new merchant acquisition. When charge volume picks up again we'll be well positioned for revenue in this segment to rebound nicely.

We've also talked about the exposure in QuickBooks to new small businesses postponing their purchases. Though it's early in the season, the trends we've seen have led us to reduce our growth expectations for this segment. However, we still expect organic growth because:

- We have the best product in years. It has new features like a free website and company dashboard that appeal to customers. And we've made improvements that make accountants more likely to recommend it.
- We're investing more in demand generation. This should raise awareness and drive customer growth.
- Our flagship products cost little more than a couple of tanks of gas. Price shouldn't be an issue. If it is, we've got a free offer to appeal to those worried about the cost. And we believe we'll get incremental lifetime value from the customers acquired using the free model.

To summarize:

- We believe in the strength of our products and our strategy for FY09. Our products help customers save and make money.
- We're prepared to respond to changing scenarios. We remain committed to acquiring more customers and growing revenue and earnings per share.
- We will continue to invest in innovation and will take advantage of acquisition opportunities that may arise that improve our growth capabilities.

By doing all of this, we'll deliver the best outcome possible in FY09, while strengthening our position for the future.These are challenging times, but these are the times when Intuit's products and services are needed most.

I'd like to thank Intuit's employees for delivering another strong quarter in a tough environment.

Now to your questions.

**About Non-GAAP Financial Measures**

This presentation contains non-GAAP financial measures. These measures 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 non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when assessing the performance of the organization, our operating segments or our senior management. Segment managers are not held accountable for share-based compensation expenses, acquisition-related costs, or the other excluded items that may impact their business units' operating income (loss) and, accordingly, we exclude these amounts from our measures of segment performance. We also exclude these amounts from our budget and planning process. We believe that our non-GAAP financial measures also facilitate the comparison of results for current periods and guidance for future periods with results for past periods.

We refer to these non-GAAP financial measures in assessing the performance of Intuit's ongoing operations and for planning and forecasting in future periods. These non-GAAP financial measures also facilitate our internal comparisons to Intuit's historical operating results. We have historically reported similar non-GAAP financial measures and believe that the inclusion of comparative numbers provides consistency in our financial reporting. We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year.

The tables that accompany the press release issued by Intuit on November 19, 2008 provide more details on Intuit's historical performance and financial projections, a description of our non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. A copy of the press release can be found on the investor relations page of Intuit's web site at www.intuit.com/about_intuit/investors.

**Cautions about Forward-Looking Statements**

These remarks contain forward-looking statements, including forecasts of Intuit's expected financial results; our prospects for the business in fiscal 2009 and beyond; our guidance for fiscal 2009, including all of the statements under the headings "Fiscal 2009 Guidance," certain statements under the heading "First – Quarter 2009 Overview," our assessment of our growth potential and opportunities for our businesses; our expectations regarding the delivery, timing and functionality of future products and services; expected growth in our connected services; and the future performance of our large growth engines and longer term initiatives. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: product introductions and price competition from our competitors can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities or public policy affecting the preparation and filing of tax returns could negatively affect our operating results and market position; if economic and market conditions in the U.S. and worldwide continue to decline, our customers may delay or reduce technology purchases which may harm our business, results of operations and financial condition; we may not be able to successfully introduce new products and services to meet our growth and profitability objectives, and current and future products and services may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; any failure to maintain reliable and responsive service levels for our offerings could cause us to lose customers and negatively impact our revenues and profitability; any significant product quality problems or delays in our products could harm our revenue, earnings and reputation; our participation in the Free File Alliance may result in lost revenue opportunities and cannibalization of our traditional paid franchise; any failure to properly use and protect personal customer information could harm our revenue, earnings and reputation; our acquisition activities may be disruptive to Intuit and may not result in expected benefits; our use of significant amounts of debt to finance acquisitions or other activities could harm our financial condition and results of operations; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; predicting tax-related revenues is challenging due to the heavy concentration of activity in a short time period; we have implemented, and are continuing to upgrade, new information systems and any problems with these new systems could interfere with our ability to ship and deliver products and gather information to effectively manage our business; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2008 and in our other SEC filings. You can locate these reports through our website at http://www.intuit.com/about_intuit/investors. Forward-looking statements are based on information as of November 19, 2008, and we do not undertake any duty to update any forward-looking statement or other information in these remarks.