Intuit Inc.
First-Quarter Fiscal 2008
Conference Call Remarks

Nov. 15, 2007

Introduction

Good afternoon and welcome to the Intuit first-quarter fiscal 2008 conference call. I'm here with Steve Bennett, Intuit's president and CEO; Kiran Patel, our CFO; and Scott Cook, our founder. As you know, in January, Brad Smith will become CEO and Neil Williams will become CFO. Both are also here today.

Before we get started, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2007 and our other SEC filings. All of those 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 presentation will be presented on a non-GAAP basis. The most directly comparable GAAP financial measures and the reconciliation of the non-GAAP financial measures to GAAP are provided in today's press release.

After this call concludes, a copy of our prepared remarks and supplemental financial information will be available on our Web site.

With that, I'll turn the call over to Steve Bennett.

First-Quarter Overview

Thanks, Bob, and thanks to everyone for joining us.

As you've read in our press release, Intuit just delivered a very solid Q1, with revenue and non-GAAP earnings per share slightly above the top end of our guidance.

I'm pleased with our position as we move into the next two quarters, traditionally our busiest. We're seeing positive early results in Small Business from QuickBooks 2008 and continued strong growth in Payroll and Payments. We expect another strong year in Consumer Tax. Our great lineup of TurboTax products will be available in retail stores starting Nov. 23 and online Dec. 3. Financial Institutions continues to add new Internet banking and online bill pay end users at an impressive rate.

I'll provide a bit more perspective later in the call, but first, Kiran will take you through the financial details.

Kiran.

First-Quarter 2008 Financial Highlights

Thanks, Steve. Let me start with a summary of the first quarter's results. Revenue of $445 million was up 27 percent year-over-year and we had a non-GAAP loss of 10 cents per share.

These results include the impact of the acquisition of Digital Insight in February 2007 and the sale of certain payroll assets to ADP in Q3-07. Without those items, revenue growth would have been 12 percent in the first quarter and the loss per share would have been $0.08.

($Millions)

	Non-GAAP			GAAP		
	Q1 07	Q1 08	Change	Q1 07	Q1 08	Change
Revenue	$350.5	$444.9	+27%	$350.5	$444.9	+27%
Operating Loss	($76.0)	($55.7)	NA	($98.5)	($103.2)	NA
EPS	($0.12)	($0.10)	NA	($0.17)	($0.06)	NA

Now the results of our business segments:

QuickBooks

Our QuickBooks segment had first-quarter revenue of $146.9 million, up 9 percent from the year-ago quarter and on track with our expectations at this point in the season.

QuickBooks software units for the first quarter were 298,000, up 6 percent year-over-year. Note that QuickBooks units are reported on a sell-through basis and revenue includes sales into the retail channel that haven't yet sold through to end customers.

Payroll and Payments

Our Payroll and Payments segment had revenue of $131.3 million in the first quarter, up 5 percent year-over-year. Excluding the impact of the sale of certain assets to ADP, growth would have been 18 percent. Growth in this segment was driven by a 22 percent increase in Payments customers and 3 percent growth in transactions per Payments customer.

Total Small Business, which combines our QuickBooks and Payroll and Payments segments, showed revenue growth of 7 percent for the first quarter. Growth would have been 13 percent without the sale to ADP.

Consumer Tax

Consumer Tax revenue for the first quarter was $13.3 million, driven by late filers from tax year 2006. This is in line with our expectations and up 18 percent over last year.

Professional Tax

Pro Tax revenue was $11 million for the first quarter, up 13 percent over last year. In September, we combined our professional tax division and professional accountant channel under a single leadership team. These teams have worked closely together in the past. Now they will be even better positioned to execute a comprehensive, companywide strategy for accounting professionals.

Financial Institutions

Financial Institutions revenue was $72.2 million for the first quarter. This segment includes the results of Digital Insight, which was acquired in February, and the Financial Institutions business previously reported in our Other Businesses segment.

Internet banking end-user acquisition continued to show good momentum, with 13 percent growth in the quarter compared to Q1-07 and a base of 8.1 million end-users. Bill pay end-users also continued to grow impressively, with 23 percent growth in the first quarter compared to Q1-07 and a base of more than 2.2 million end-users.

Growth would have been higher, but one of our larger accounts was acquired, removing about 73,000 Internet banking end-users and 18,000 bill pay end users from our customer base. This movement was anticipated and does not impact our financial plan for FY08.

Other Businesses

The Other Businesses segment had revenue of $70.2 million for the first quarter, up 11 percent.

Balance Sheet and Stock Repurchase Program

Moving to the balance sheet, Intuit ended the first quarter with approximately $1 billion in cash and short-term investments. Cash used in operating activities was $161 million.

Capital expenditures were $65 million in the first quarter, up $36 million versus last year as we build our new data center and expand office capacity to support our growth.

We used $250 million to purchase 8.1 million shares of Intuit stock in the quarter. As of Nov. 1, we have $550 million in authority for future share repurchases and have a 10(b)5-1 plan in place to allow us to consistently repurchase stock through the year.

Second-Quarter 2008 Guidance

We are reaffirming our previous revenue and earnings per share guidance and providing initial operating income guidance for our fiscal second quarter, which ends

Jan. 31, 2008. For the second quarter we expect the following:

- Revenue of $833 million to $848 million, up 11 percent to 13 percent versus the year-ago quarter.

- Non-GAAP operating income of $185 million to $195 million, down from $237 million in the year-ago quarter.

- GAAP operating income of $136 million to $146 million, down from $215 million in the year-ago quarter.

- Non-GAAP diluted earnings per share of $0.34 to $0.36, down from $0.44 in the year-ago quarter.

- GAAP diluted earnings per share of $0.28 to $0.30, down from $0.40 in the year-ago quarter.

This guidance reflects a number of items that are different from Q2 of last year.

- Q2-08 revenue will include results from Digital Insight, but won't have revenue from the outsourced payroll customers sold to ADP or revenue from the discontinued Pro Series Express product.

- In addition, approximately $23 million of Pro Tax revenue will shift from Q2 to Q3 because delivery of the electronic filing services component of our bundled tax software offering will not occur until Q3.

Excluding the impact of these items, we would have expected Q2 revenue growth of 8 percent to 10 percent and Q2 non-GAAP diluted EPS of $0.40 to $0.42.

We are also reaffirming guidance for our fiscal third quarter, fourth quarter and full year, which you can find on our fact sheet.

We'll provide TurboTax unit sales updates on a similar schedule to last year, with the first update in mid-February to coincide with our second-quarter earnings, followed by an update in mid-March and a final update at the end of the tax season in April.

The other item to note is that our guidance assumes that Alternative Minimum Tax legislation will be enacted in time for the IRS to complete forms by Jan. 31. If there is a delay beyond Jan. 31, we will see Consumer and Pro Tax revenue shift from Q2 to Q3 beyond what we've guided.

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

Business Perspective

Thanks, Kiran. This is Kiran's last earnings call as our CFO and I'd like to thank him for his excellent contributions. You'll continue to hear from Kiran as he leads our TurboTax business. Neil Williams will be in place for next quarter's call.

Before we get to your questions, I'd like to provide my perspective.

We continue to execute on our growth strategy of being in good businesses and attractive new markets that have large unmet or underserved needs that we can solve well. We then apply Customer-Driven Innovation to develop solutions that are easier and a better value than other alternatives. As a result, we grow our existing categories and create new categories for Intuit.

This is the strategy we have been executing for the last several years, and we continue to learn and get better. That's why we believe we're positioned for another strong year.

In Small Business, we released QuickBooks 2008 in September to enthusiastic reviews, with CNET giving it an "Excellent" 8 out of 10 rating. We're optimistic about the momentum of free Simple Start downloads, with the opportunity to attach Intuit Online Payroll to those Simple Start units. It also gives us the potential to reach 5.5 million small businesses with payroll needs that don't use QuickBooks. We continue to see strong growth in our Payments business, with plenty of potential in our QuickBooks base to continue to grow penetration. And we continue to look for areas where we can expand the value we provide for small businesses via partnerships or acquisitions.

In Consumer Tax, we have our strongest combination of products and marketing programs ever and are looking forward to a successful season. We expect to continue to enjoy the tailwind of software being the fastest-growing tax preparation method. And we believe our offerings, especially free TurboTax Online, will generate category growth and unit and revenue growth for the company.

Our Financial Institutions business continues to show progress. Internet banking and online bill pay end-user adoption is up nicely again this quarter. You may have seen the recent announcement about new financial institution customers. We had the largest new bookings quarter in the history of DI. And we continue to be enthusiastic about this business and the ability it gives us to capitalize on Internet banking growth and the new customers in that channel.

I've never felt better about the future of Intuit – our prospects for continued growth, the strength of our leadership team, and the opportunities in front of us.

As you know, this is my last earnings announcement as the CEO of Intuit. I'm proud of the results we've delivered in my eight seasons. And I'm confident handing the reins of this vibrant and healthy company to Brad. I'm looking forward to continuing to serve on Intuit's board and to helping the team continue this company's excellent run. Now I'll turn the call over to Brad, who will add his perspective.

Brad.

Thank you, Steve. And thank you for eight great seasons. The progress this company made under your leadership is something you should be extremely proud of.

Since we made the CEO transition announcement in August, I've been asked several times if I'm going to make any immediate changes to Intuit's strategy. My answer is this: I've helped build the strategy we have now, along with the rest of the leadership team.

Of course we'll make adjustments as the environment changes and as new opportunities are uncovered. But in the near term, you should expect us to continue focusing on customer needs and solid execution to drive the steady double-digit revenue growth that you've seen for the past several seasons. I couldn't be more excited about taking the helm of this great company and building on the strengths we have to make us even better.

I also want to welcome Neil Williams to the Intuit leadership team. Neil is a great fit for Intuit. His deep and accomplished experience with Visa USA and in the banking industry gives him great insight into two of our most important growth areas and I'm looking forward to working closely with him.

With that, let's get to your questions.

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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 15, 2007 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 relation's 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 2008 and beyond; our guidance for fiscal 2008, including all of the statements under the heading "Second-Quarter 2008 Guidance," our assessment of our growth potential and opportunities for our businesses; our expectations regarding completion of Alternative Minimum Tax legislation and its potential effect of shifting revenue between quarters.

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 regulating the filing of tax returns could negatively affect our operating results and market position; 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 2007 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 15, 2007, and we do not undertake any duty to update any forward-looking statement or other information in these remarks.