Intuit Inc.
Third-Quarter Fiscal 2008
Conference Call Remarks

May 20, 2008

Introduction

Good afternoon and welcome to the Intuit third-quarter 2008 conference call. I'm here with Brad Smith, Intuit's president and CEO, Neil Williams, our CFO, and Scott Cook, our founder.

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 Brad Smith.

Third-Quarter Overview

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

As you've read in our press release, Intuit had a very strong quarter, driven by an outstanding consumer tax season. Revenue, operating income and earnings per share were all above the high end of our expectations. We now expect the full year to come in better than we previously guided, so we're raising our full-year revenue and profit outlook for the company.

I'm pleased with these results and I'm encouraged by the way the team achieved them.

In Consumer Tax we drove the strong results by creating our best offering ever and executing with excellence throughout the season. Our 17 percent unit growth reflects market share gains in retail and on the Web. We're winning because we remain focused on ease-of-use, which leads customers to recommend our solutions to friends and colleagues. And I'm happy to say our systems handled twice as many tax returns as last year on the last two days of the tax season.

In Small Business we continued to deliver solid double-digit revenue growth in Payroll and Payments, and we beat our best third-quarter ever in QuickBooks. These results are in spite of a tough spending environment for small businesses. Our focused actions in the second half of the year mitigated the short-term challenges and we are now well positioned as we head into next year.

Our Financial Institutions business also showed an upward trend in performance. The increase in revenue this quarter is modest, but it indicates we're on the right track and have shifted the momentum in the right direction.

All in all, it was an excellent quarter and we're on track to deliver another year of very strong financial performance.

With that, I'll turn the call over to Neil to walk us through the financial details.

Third-Quarter 2008 Financial Highlights

Thanks, Brad. Let me start with a summary of third-quarter results.

- Revenue of $1.3 billion was up 15 percent year-over-year.
- Non-GAAP operating income of $728 million was up 17 percent year-over-year.
- Non-GAAP earnings per share of $1.39 increased 23 percent year-over-year.
- GAAP earnings per share of $1.33 increased 28 percent year-over-year.

We were pleased with the GAAP and non-GAAP operating leverage we generated in the third quarter.

	Non-GAAP			GAAP		
	Q3 08	Q3 07	Change	Q3 08	Q3 07	Change
Revenue	$1,313.0	$1,139.1	+15%	$1,313.0	$1,139.1	+15%
Operating Income	$727.9	$620.6	+17%	$674.5	$578.1	+17%
EPS	$1.39	$1.13	+23%	$1.33	$1.04	+28%

Business Segment Results

Tax

Turning to business segment results, Consumer Tax third-quarter revenue was $657 million, up 16 percent over the year-ago period. Year to date, revenue is up 15 percent and units are up 17 percent. You'll note units and revenue grew roughly in line, which demonstrates our ability to monetize our free tax offerings. It's also important to note that none of the growth in units or revenue is due to the federal government's economic stimulus program. We did not charge customers who filed returns just to receive stimulus checks, and those units were excluded from our statistics.

As Brad mentioned, our strong performance was driven by our continued focus on ease of use, excellent execution of our marketing programs throughout the tax season, and the success of our free federal product. Unit growth started strong and continued to accelerate as the season progressed. Our growth outpaced the category and we gained about 3 points of market share in retail and about 1 point of share online.

Professional Tax revenue of $166 million was up 20 percent, in line with expectations and reflecting a shift of revenue from the second quarter to the third quarter, as discussed on prior calls. Year-to-date Professional Tax revenue is up 1 percent.

Small Business

Total Small Business revenue grew 9 percent in the third quarter.

Within Small Business, QuickBooks revenue of $165 million was up 5 percent over the year-ago period. Excluding about $6 million of revenue from Homestead, which was acquired in December 2007, QuickBooks revenue was up about 2 percent from the third quarter of last year.

QuickBooks units, including free SimpleStart activations, were also up slightly in the quarter. If you recall, the third quarter of 2007 was our strongest third-quarter ever for QuickBooks revenue and units. So we feel pretty good about growing over those numbers given how tough a year it has been for small businesses.

The Payroll and Payments segment again delivered solid growth, with revenue of $142 million for the quarter. Adjusted for the impact of the ADP sale and the acquisition of Electronic Clearing House Inc., segment revenue was up 13 percent for the quarter. This was driven by 20 percent growth in Payments customers and 1.5 percent growth in transaction volume per customer. Growth has slowed slightly from prior quarters due to a reduction in Payroll float revenue and slightly slower growth in charge volume per merchant. Overall, we feel great about the strong customer growth in our payments business, and really like the long-term growth potential of this segment, particularly with the addition of the capabilities we acquired with Echo.

Financial Institutions

Financial Institutions revenue for the third quarter was $76 million. Adjusting for the timing of the Digital Insight purchase, which closed Feb. 6, 2007, third-quarter growth would have been 10 percent. We still have a lot of work to do, but we're pleased with the progress we're making in this segment.

Other Businesses

Our Other Businesses segment revenue of $107 million was up 20 percent year over year, driven by strong results in our Canada/UK and Real Estate Solutions businesses. I would note that the weaker dollar contributed to the Canadian business growth and currency gains account for about 7 points of the segment growth rate.

Balance Sheet and Stock Repurchase Program

Moving to the balance sheet, Intuit ended the third quarter with $897 million in cash and short-term investments. We also have $292 million of auction rate securities that were reclassified from short-term to long-term investments in Q3. We don't believe the carrying value of those securities is impaired because the assets underlying the securities are generally student loans which are guaranteed by the U.S. Department of Education. We have the ability and intent to hold these securities until liquidity returns to the market, other secondary markets develop, or the securities mature. Because it's not certain when liquidity will return to the auction rate securities market, the long-term classification makes sense.

Cash flow from operations was $832 million.

Capital expenditures were $95 million during the third quarter. This is up from $36 million in the same quarter a year ago. As discussed on prior calls, the increase is driven by investments in our new data center and expansion of office capacity to support our growth.

In the third quarter we used the remaining $300 million of stock repurchase authorization to repurchase 10.8 million shares. We have requested, and the board has approved, a new authority of an additional $600 million.

M&A Activity

Moving to M&A activity, the previously announced acquisition of Echo closed on February 29. Echo rounds out our complement of payment processing solutions and has been folded into our Payroll and Payments segment. The acquisition is performing better than planned and is expected to be neutral to operating income and EPS in FY08 and slightly accretive in FY09.

We've summarized the M&A impact on third-quarter and year-to-date growth rates in a table that is included in our posted conference call materials.

M&A Summary Table

	Q308	Q307	Growth	Q308 YTD	Q307 YTD	Growth
Reported Revenue	$ 1,313.0	$ 1,139.1	15%	$ 2,592.8	$ 2,240.2	16%
Complete Payroll Sale		(4.4)			(38.4)	
ProSeries Express		(8.1)			(12.1)	
DI Acquisition	(68.5)	(58.3)		(199.5)	(58.3)	
Homestead Acquisition	(5.7)			(8.3)		
ECHO Acquisition	(6.7)			(6.7)		
Revenue Adjusted for M&A	$ 1,232.1	$ 1,068.3	15%	$ 2,378.3	$ 2,131.4	12%

Fiscal 2008 Guidance

Moving to fiscal 2008 guidance, we are raising guidance for 2008 total company revenue, operating income and earnings per share.

Fiscal 2008 guidance is now:

- Revenue of $3.05 billion to $3.06 billion, which is annual growth of 14 percent.
- Non-GAAP operating income of $860 million to $870 million, which is annual growth of 12 percent to 14 percent.
- Non-GAAP diluted EPS of $1.61 to $1.63, which is annual growth of 13 percent to 14 percent.

We have also raised our Consumer Tax segment revenue guidance to 14 percent growth to reflect the excellent tax season just completed. Previous guidance was 8 percent to 12 percent growth.

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

Business Perspective

Thanks, Neil.

Before we get to your questions, I'd like to share my perspective on our business now that I've been in this job for almost two quarters.

One of the first things I wanted to do as CEO was step back and take a fresh look at our company. So over the last five months, I traveled around the country talking to employees, meeting with board members, engaging with customers and talking with many of you.

Through that process, a clear picture of Intuit emerged. It is a picture of a vibrant, growing company with strong assets and lots of untapped opportunity. It's a picture of a company that is embracing the changing world around us in a way that will help us make the next 25 years as successful as the last 25.

First, we have a foundation of strength to build upon. We have three growth engines – tax, small business and financial institutions – that are not only delivering today, as you saw in this quarter's earnings, but are well-positioned to deliver double-digit growth for the foreseeable future. In addition, we have two longer-term initiatives – health care and global – that could add to that growth down the road.

Each of these growth engines are powered by world-class brands, large user bases and strong customer loyalty that drives word-of-mouth and creates a thriving ecosystem. These strong assets provide Intuit with differentiation in the markets we serve and with a solid foundation for the future.

With that foundation, we are actively pursuing strategies to continue to innovate and position these businesses to win in the future. So let me share a little bit about what the future looks like.

Our goal is clear: To be recognized as one of the most innovative and fastest-growing companies in the world. While it will take work to get there, I couldn't be more excited about the innovation that is taking place across the company. Our employees are energized and they're passionate. They are embracing new technologies, inventing new business models and crossing new geographies to help our customers achieve their dreams. And they are doing it with "connected services."

At Intuit, connected services take three distinct shapes:

- The first type of connected services are services that connect to our software in a way that makes that service far superior to alternatives. Two examples we have today are Payroll and Payments, which are superior to competitive offerings because they integrate into QuickBooks software, making them easier to use at a lower cost than alternatives.
- The second type of connected services are software solutions that are delivered as a service. This type is better known as Software as a Service. Our goal with these connected services is to ensure they deliver revolutionary benefits or cost advantages. Examples of this type include TurboTax Online, QuickBooks Online, and our online banking platform offered to financial institutions.
- The third type of connected services are solutions that leverage our vast ecosystem to connect people to people. We're seeing this today when

TurboTax customers get questions answered by other customers in the TurboTax Live online community. And we're making connections between accountants and customers all the time in our QuickBooks Pro Advisor community.

Connected services are by no means new for Intuit. In fact, roughly half of our revenue comes from connected services today and they are growing at strong double-digit rates. And they are nicely profitable.

Our employees are capitalizing on three key market trends to create and deliver more of these services.

- They are embracing the concepts of social networks and user-generated contributions to create and deliver value through our large and growing user bases.
- They are also creating solutions that will work on any device, including mobile devices.
- And they're doing this with a more global mindset as we look to better serve US-based companies seeking to do business globally, while also defining new opportunities to serve customers in new markets.

We call this "social, mobile and global," and these are new catalysts that will enable us to accelerate our growth over time.

That's why I'm optimistic about the long-term prospects of this company. But I'm also excited about what we're doing to get ready for FY09.

We already talked about this season's great results in Consumer Tax. We feel really good about next season, too. The success of our free offering, the customer response to our focus on ease, and the continued improvements in net promoter scores for both the online and desktop products all drive customer retention, more recommendations, and the overall growth of the category. This gives us confidence that this business will continue to perform well into the future.

In Small Business we've got a promising QuickBooks '09 product in alpha testing. We're also applying what we've learned over the past two years to make our marketing and advertising programs even more effective. We're continuing to drive strong growth from connected services – like our payroll, payments and SaaS offerings – in our Small Business ecosystem. And we are learning new ways to expand and grow the category with low-cost or even free offerings.

In Financial Institutions we're gaining real traction. We had a very successful user conference with record attendance and a very positive response to our Personal FinanceWorks demonstration. We now expect to rollout the first version of Personal FinanceWorks this October, and we will follow with an expanded set of small business offerings and capabilities this December.

Turning to our longer-term initiatives of health care and global, in health care, we continue to believe there’s a large, unmet need that will prove an attractive opportunity for us, if we can solve it well. This quarter we announced a new Quicken Health partner, Medical Mutual of Ohio. We expect both Cigna and Medical Mutual of Ohio to begin rolling out our solution to their plan members later this calendar year. There’s no material revenue impact for the next couple of years, but we’re excited about finally getting the much-anticipated product in market.

Global is also a large opportunity for us. We continue to make progress around defining the offerings and geographies we’ll focus on first, and I have little doubt that global will have an impact on Intuit’s business results over time.

In closing, we had a great quarter and expect to deliver another great year in a tough environment. We have a recipe for success and a set of operating principles that have enabled us to deliver year after year. Those principles include growing organic revenue double-digits with operating margin expansion, using the cash we generate to fund growth initiatives and returning excess cash to shareholders in the form of share buybacks.

We’ve got an excellent foundation to build on, we’re driving innovation throughout the company to accelerate our growth, and our strategy to win is now clearly defined for a connected services world.

Thank you all for your support. And thanks to all the Intuit employees who are so focused on delighting our customers.

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 May 20, 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 2008 and beyond; our guidance for fiscal 2008, including all of the statements under the heading "Fiscal 2008 Guidance;" our assessment of our growth potential and opportunities for our businesses; our expectations regarding the delivery and functionality of future products and services; our expectations regarding customer retention; 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 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 Web site at http://www.intuit.com/about_intuit/investors. Forward-looking statements are based on information as of May 20, 2008, and we do not undertake any duty to update any forward-looking statement or other information in these remarks.