

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

JUNE 22, 1998

Date of Report (Date of earliest event reported)

INTUIT INC.

(Exact name of Registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

<TABLE>

<CAPTION>

0-21180

77-0034661

<S>

(Commission file number)

<C>

(I.R.S. Employer Identification No.)

</TABLE>

2535 GARCIA AVENUE
MOUNTAIN VIEW, CALIFORNIA 94043

(Address of principal executive offices, including zip code)

(650) 944-6000

(Registrant's telephone number, including area code)

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Item 2. ACQUISITION OR DISPOSITION OF ASSETS

On June 22, 1998, Intuit Inc. (the "Company") consummated its acquisition of Lacerte Software Corporation and Lacerte Educational Services

Corporation (together, "Lacerte") pursuant to an Asset Purchase Agreement dated as of May 18, 1998 (the "Asset Purchase Agreement"). Under the Asset Purchase Agreement, a wholly-owned subsidiary of Intuit purchased substantially all of Lacerte's assets in exchange for \$400 million in cash, and assumed substantially all of Lacerte's liabilities (the "Acquisition"). The Acquisition was initially announced on May 18, 1998 and will be accounted for under the purchase method of accounting. The Company used the net proceeds from a public offering of equity securities to fund the cash purchase price of the Acquisition.

Lacerte is a leading developer and marketer of tax preparation software and services for tax professionals. Its products are used primarily by tax professionals to prepare federal and state income tax returns for individuals and small businesses, as well as estate, trust and gift tax returns. Lacerte's products provide an efficient user friendly interface, but are also designed to support complex returns and analysis. Customers can elect to license each of Lacerte's programs for a single fee for unlimited annual use or to use them on a "pay-per-return" or "remote entry processing" basis. Lacerte currently provides DOS and Windows 95 versions of its products. Lacerte also provides electronic filing services and offers seminars and self-study tutorials in a variety of areas related to tax preparation and software usage. In its fiscal year ended March 31, 1998, Lacerte licensed use of its products to over 30,000 customers, primarily accounting and tax firms.

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Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired

Included as Exhibit 99.01 hereto, and incorporated herein by reference, is a copy of the audited combined financial statements of Lacerte as of March 31, 1997 and 1998 and for the years ended March 31, 1996, 1997 and 1998. Included as Exhibit 99.02 hereto, and incorporated herein by reference, is a copy of certain unaudited financial information of Lacerte for the six months ended March 31, 1998. The unaudited financial information included for the six months ended March 31, 1998 is incomplete as it was prepared solely for purposes of preparing pro forma condensed combining statements of operations data and does not include all of the information required by Regulation S-X for full quarterly financial statements, such as footnotes.

(b) Pro Forma Financial Statements

The Company will file any required pro forma financial information as soon as it is available, and in no event later than September 7, 1998, as permitted by Item 7(b), paragraph 2 of Form 8-K.

(c) Exhibits

The following exhibits are filed herewith:

Number	Description
2.01	Asset Purchase Agreement dated as of May 18, 1998 by and between the Company and Lacerte (incorporated by reference to the amendment on Form 8-K/A filed May 19, 1998 to the Current Report of the Company on Form 8-K dated May 18, 1998).
23.01	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
99.01	Audited Combined Financial Statements of Lacerte as of March 31, 1997 and 1998 and for the years ended March 31, 1996, 1997 and 1998. These financial statements are identical to the financial statements of Lacerte filed as exhibit 99.02 to the Company's Current Report on Form 8-K dated May 18, 1998.
99.02	Unaudited condensed combined income statement information of Lacerte for the six month period ended March 31, 1998. These financial statements are identical to the financial statements of Lacerte filed as exhibit 99.03 to the Company's Current Report on Form 8-K dated May 18, 1998.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTUIT INC.

Dated: July 6, 1998

/s/ Catherine L. Valentine

Catherine L. Valentine
Vice President, General
Counsel and Secretary

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EXHIBIT INDEX

Number	Description
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23.01	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
99.01	Audited Combined Financial Statements of Lacerte as of March 31, 1997 and 1998 and for the years ended March 31, 1996, 1997 and 1998. These financial statements are identical to the financial statements of Lacerte filed as exhibit 99.02 to the Company's Current Report on Form 8-K dated May 18, 1998.
99.02	Unaudited condensed combined income statement information of Lacerte for the six month period ended March 31, 1998. These financial statements are identical to the financial statements of Lacerte filed as exhibit 99.03 to the Company's Current Report on Form 8-K dated May 18, 1998.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 of Intuit Inc. (File Nos. 33-59438, 33-95049, 33-73222, 333-06889, 333-14715, 333-16827, 333-16829, 333-20361, 333-45285, 333-45277 and 333-45287), Form S-3 of Intuit Inc. (File Nos. 333-50417 and 33-99646) and Form S-4 of Intuit Inc. (File No. 33-99644) of our report dated May 15, 1998 relating to the combined financial statements of Lacerte Software Corporation and Lacerte Educational Services Corporation, which appears in the Current Report on Form 8-K of Intuit Inc. dated June 22, 1998 and filed on July 6, 1998.

PricewaterhouseCoopers LLP
/s/ PRICEWATERHOUSECOOPERS LLP

Dallas, Texas
July 2, 1998

LACERTE SOFTWARE CORPORATION AND LACERTE EDUCATIONAL SERVICES CORPORATION
 COMBINED FINANCIAL STATEMENTS
 MARCH 31, 1998, 1997 AND 1996

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
 Lacerte Software Corporation and Lacerte Educational
 Services Corporation

In our opinion, the accompanying combined balance sheets and the related combined statements of income, of changes in stockholders' equity, and of cash flows present fairly, in all material respects, the combined financial position of Lacerte Software Corporation and Lacerte Educational Services Corporation (together the "Company") at March 31, 1998 and 1997, and the combined results of their operations and their cash flows for each of the three years in the period ended March 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Dallas, Texas
 May 15, 1998

LACERTE SOFTWARE CORPORATION AND
 LACERTE EDUCATIONAL SERVICES CORPORATION
 COMBINED BALANCE SHEETS
 MARCH 31, 1998 AND 1997

<TABLE>
 <CAPTION>

	1998	1997
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,621,427	\$ 4,809,957
Accounts receivable	8,512,977	6,987,692
Notes receivable from stockholders	3,067,726	3,212,056
Other assets	163,033	327,846
	-----	-----
Total current assets	18,365,163	15,337,551
Property and equipment, net	2,965,957	2,742,540
Intangible assets, net	1,103,694	1,639,284
Other assets	386,345	546,139
	-----	-----
Total assets	\$22,821,159	\$20,265,514
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 771,421	\$ 855,191
Line of credit	--	1,000,000
Accrued compensation	1,702,948	1,516,229
Deferred revenue	1,001,606	1,028,993
Accrued post-contract customer support	2,625,952	2,780,319
Taxes payable and other	1,541,631	1,332,269

Total current liabilities	7,643,558	8,513,001
Commitments and Contingencies (Note 7)		
Stockholders' equity:		
Common stock-Lacerte Software Corporation, no par value 1,000 shares authorized, 1,000 shares issued and outstanding	2,000	2,000
Common stock-Lacerte Educational Services Corporation, no par value 1,000 shares authorized, 1,000 shares issued and outstanding	10,000	10,000
Retained earnings	15,165,601	11,740,513
Total stockholders' equity	15,177,601	11,752,513
Total liabilities and stockholders' equity	\$22,821,159	\$20,265,514

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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LACERTE SOFTWARE CORPORATION and
LACERTE EDUCATIONAL SERVICES CORPORATION
COMBINED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Revenue	\$75,586,314	\$68,129,126	\$62,081,359
Operating expenses:			
Cost of revenue	4,480,158	4,369,134	4,244,766
Software support	5,681,081	6,358,806	5,716,357
Research and development	15,470,931	14,041,773	12,313,882
Sales and marketing	4,557,395	4,687,060	4,521,867
General and administrative	16,525,717	15,283,963	15,532,350
Total operating expenses	46,715,282	44,740,736	42,329,222
Income from operations	28,871,032	23,388,390	19,752,137
Other income, net	712,678	515,587	662,789
Income before state income taxes	29,583,710	23,903,977	20,414,926
State tax provision	158,622	463,800	608,605
Net income	\$29,425,088	\$23,440,177	\$19,806,321

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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LACERTE SOFTWARE CORPORATION and
LACERTE EDUCATIONAL SERVICES CORPORATION
COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED MARCH 31, 1998, 1997 AND 1996

<TABLE>

<CAPTION>

	Common Stock		Common Stock		Retained Earnings	
	Number of Shares		Additional Paid-In-Capital			
	Lacerte	Lacerte	Lacerte	Lacerte		
	Software Corporation	Eductional Services Corporation	Software Corporation	Eductional Services Corporation		
Total Stockholders' Equity						
	<C>	<C>	<C>	<C>	<C>	<C>
Balance at March 31, 1995	1,000	--	\$ 1,000	\$ --	\$ 11,494,015	\$
11,495,015						
Net income	--	--	--	--	19,806,321	
19,806,321						
Dividend payments	--	--	--	--	(23,000,000)	
(23,000,000)						
Balance at March 31, 1996	1,000	--	1,000	--	8,300,336	
8,301,336						
Net income	--	--	--	--	23,440,177	
23,440,177						
Dividend payments	--	--	--	--	(20,000,000)	
(20,000,000)						
Issuance of common stock	1,000	1,000	1,000	10,000	--	
11,000						
Dissolution of California Corporation (Note 1)	(1,000)	--	--	--	--	
--						
Balance at March 31, 1997	1,000	1,000	2,000	10,000	11,740,513	
11,752,513						
Net income	--	--	--	--	29,425,088	
29,425,088						
Dividend payments	--	--	--	--	(26,000,000)	
(26,000,000)						
Balance at March 31, 1998	1,000	1,000	\$ 2,000	\$ 10,000	\$ 15,165,601	\$
15,177,601						

The accompanying notes are an integral part of these combined financial statements.

LACERTE SOFTWARE CORPORATION and
LACERTE EDUCATIONAL SERVICES CORPORATION
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	1998	1997	1996
	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	\$ 29,425,088	\$ 23,440,177	\$ 19,806,321
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,496,011	1,753,802	1,694,350
Changes in assets and liabilities:			
Increase in accounts receivable	(1,525,285)	(1,089,044)	(1,184,267)
Decrease in other assets	324,607	129,010	876,056
Decrease in accounts payable	(83,770)	(396,043)	(16,229)
Increase in accrued compensation	186,719	254,503	314,034

Decrease in deferred revenue	(27,387)	(51,978)	(76,959)
(Decrease) increase in post -contract customer support	(154,367)	180,319	--
Increase in taxes payable and other	209,362	700,325	602,218
Net cash provided by operating activities	29,850,978	24,921,071	22,015,524
Cash flows from investing activities:			
Purchases of property and equipment	(1,183,838)	(1,810,704)	(2,487,694)
Issuance of notes receivable from stockholders	(4,328,519)	(1,919,060)	(237,483)
Repayments of notes receivable from stockholders	4,472,849	1,631,597	4,285,591
Net cash provided by (used in) investing activities	(1,039,508)	(2,098,167)	1,560,414
Cash flows from financing activities:			
Proceeds from borrowings on line of credit	--	1,000,000	--
Principal payments on borrowings from line of credit	(1,000,000)	--	--
Principal payments on notes payable	--	(802,403)	(882,238)
Dividend payments	(26,000,000)	(20,000,000)	(23,000,000)
Proceeds from issuance of common stock	--	11,000	--
Net cash used in financing activities	(27,000,000)	(19,791,403)	(23,882,238)
Net increase (decrease) in cash and cash equivalents	1,811,470	3,031,501	(306,300)
Cash and cash equivalents at beginning of year	4,809,957	1,778,456	2,084,756
Cash and cash equivalents at end of year	\$ 6,621,427	\$ 4,809,957	\$ 1,778,456
Supplemental cash flow information:			
Interest paid	\$ 7,115	\$ 23,971	\$ 59,489
Taxes paid	\$ 138,795	\$ 425,412	\$ 542,309

</TABLE>

The accompanying notes are an integral part of these combined financial statements.

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LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Lacerte Software Corporation ("Lacerte Software") was incorporated in the State of California in December 1978. In July 1996, Lacerte Software completed a reorganization resulting in the merger of the California corporation into a newly created Delaware corporation of the same name. In connection with the 1996 reorganization, the California corporation was dissolved. Lacerte Software develops, markets and sells computer software for the professional tax preparation market.

In April 1996, the stockholders of Lacerte Software formed Lacerte Educational Services Corporation ("Lacerte Educational"), a Delaware corporation, to provide seminars and educational services to the professional tax preparer market. The stockholders of Lacerte Educational and Lacerte Software are similar such that these entities are companies under common control.

The accompanying combined financial statements present the combined balances of Lacerte Software and Lacerte Educational (together the "Company") for the period after the formation of Lacerte Educational Services Corporation. All intercompany accounts and transactions have been eliminated. Prior to the formation of Lacerte Educational, the financial statements represent the balances and activities of Lacerte Software on a stand alone basis.

Effective May 1, 1996, Lacerte Software and Lacerte Educational entered into a Service and Management Agreement. Lacerte Software agreed to provide Lacerte Educational with support services and Lacerte Educational

agreed to provide Lacerte Software with sales leads for Lacerte Software's products and services. Lacerte Educational made payments to Lacerte Software of \$300,000 and \$210,082 for services provided during fiscal years ending March 31, 1998 and 1997, respectively. Unpaid balances accrue interest at 7%. Unpaid balances were \$180,237 and \$165,937 at March 31, 1998 and 1997, respectively. Such intercompany balances and transactions have been eliminated in these combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of these combined financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

REVENUE RECOGNITION

In-house

In-house software includes federal and state income tax forms for the tax preparer market. In-house revenue is generally recognized at the time of shipment of the Company's software, as no significant vendor obligations exist and collections of accounts receivable are probable. Advance payments are recorded as deferred revenue until the related products are shipped. The Company accrues the cost of providing vendor obligations at the time of shipment. Such costs are included in accrued post-contract customer support.

Remote Entry Processing

Remote entry processing has a transaction based fee structure whereby the user is charged a fee for each tax return processed. Revenue from remote entry processing is recognized upon delivery of an electronic encryption key to unlock the Company's software, as no significant future vendor obligations exist and collections of accounts receivable are probable. Advance deposits are recorded as deferred revenue until the Company's software is shipped. Unused deposits are recorded as revenue upon shipment of the subsequent year's software.

Training revenue

Training revenue is recognized as the services are performed.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are incurred for the development of new products or bringing about significant improvements to existing products. Statement of Financial Accounting Standard No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed" (SFAS No. 86), requires the capitalization of certain software development costs once technological feasibility is established. The capitalized cost is then amortized on a straight-line basis over the estimated product life, or based on the ratio of current revenues to total projected product revenues, whichever is greater. Technological feasibility does not occur for the Company's products until testing of a working model has been performed at which time the products are substantially ready for release to the customer, therefore, no costs have been capitalized with respect to product development.

INTANGIBLE ASSETS

The cost of identified intangibles is generally amortized on a straight-line basis over periods ranging from one to seven years. The carrying value of intangible assets is reviewed by management on a periodic basis for indications of a potential impairment as required by Statement of Financial Accounting Standard No. 121, "Accounting for the

Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121"). To date, no impairment has been recorded for the Company's intangible assets.

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LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

CASH AND EQUIVALENTS

Cash and cash equivalents includes all highly liquid investment instruments with an original maturity of three months or less.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, ranging from three to twenty years. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the estimated life of the asset. Expenditures for repairs and maintenance are charged to expense as incurred.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 1998 and 1997, the Company is not a party to any off-balance sheet financial instruments. All financial instruments recorded at March 31, 1998 and 1997 are either of very short maturity or carry interest rates which approximate market rates. As such, the fair value of financial instruments approximates their carrying value as of March 31, 1998 and 1997.

INCOME TAXES

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an "S" corporation. In lieu of federal corporate income taxes, the stockholders of an "S" corporation are taxed on their proportionate shares of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements, as the tax effects of the Company's activities accrue to the individual stockholders.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expense for the years ended March 31, 1998, 1997 and 1996 was approximately \$390,585, \$635,995 and \$377,779, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

On October 27, 1997, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 97-2, "Software Revenue Recognition" ("SoP 97-2"). This statement, which supercedes Statement of Position 91-1, provides guidance for recognizing revenue on software transactions. SoP 97-2 is effective for transactions entered into during fiscal years beginning after December 31, 1997. The Company will adopt SoP 97-2 in its fiscal year ending March 31, 1999 and is currently assessing the impact of SoP 97-2 on its revenue recognition policy.

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LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 129, "Disclosure of Information about Capital Structure". The Company adopted the statement effective April 1, 1997. The adoption did not have a material effect on the Company's combined financial statements.

3. INTANGIBLE ASSETS

Components of intangible assets are as follows at March 31, 1998 and 1997:

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Customer lists	\$ 2,758,131	\$ 2,758,131
Covenants not to compete	2,105,000	2,105,000
Other intangibles	598,201	598,201
	5,461,332	5,461,332
Less: accumulated amortization	(4,357,638)	(3,822,048)
	\$ 1,103,694	\$ 1,639,284

</TABLE>

Amortization expense for intangible assets totaled \$535,590, \$576,840 and \$743,791 for the years ended March 31, 1998, 1997 and 1996, respectively.

In conjunction with the acquisition of the above intangible assets, the Company issued certain notes payable, some of which were personally guaranteed by the Company's President and Chief Executive Officer. Principal payments on notes payable totaled \$802,403 and \$882,238 for the years ended March 31, 1997 and 1996, respectively. Related interest expense was \$5,973 and \$50,706 for the years ended March 31, 1997 and 1996, respectively.

4. NOTES RECEIVABLE FROM STOCKHOLDERS

During the years ended March 31, 1998, 1997, and 1996, the Company loaned money to certain stockholders totaling \$4,025,000, \$1,690,000 and \$84,000. These loans, in the form of notes receivable, are unsecured. Two of the Company's principal stockholders also have unsecured lines of credit with the Company. These amounts are due upon demand by the Company. Draws on these lines of credit totaled \$303,519, \$229,060 and \$155,483 for the years ended March 31, 1998, 1997 and 1996, respectively. The above notes receivable and lines of credit are interest bearing at rates ranging from 5% to 7.5%. The Company recognized interest income related to these notes receivable and lines of credit totaling \$224,390, \$296,266 and \$313,927, for the years ended March 31, 1998, 1997 and 1996, respectively. Both the notes receivable and the outstanding borrowings on the lines of credit are included in notes receivable from stockholders.

LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

5. LINE OF CREDIT

In August 1995, the Company entered into an unsecured line of credit agreement with a bank for an amount up to \$2,000,000. Outstanding balances are payable upon demand with interest to be paid monthly at the bank's prime rate minus 2% (6.5% at March 31, 1997). At March 31, 1997, the Company had an outstanding balance of \$1,000,000 under this facility. Available balances under this agreement were \$2,000,000 and \$1,000,000 at March 31, 1998 and 1997, respectively. There are no commitment fees related to this credit facility.

The line of credit is guaranteed by an unsecured personal guarantee of the Company's President and Chief Executive Officer, supported by an assignment of a life insurance policy in the amount of \$1,000,000. The premiums for this policy are paid by the Company. The credit facility contains certain restrictive covenants.

6. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 1998 and 1997 is comprised of the following:

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Property and equipment	\$ 3,239,108	\$ 2,327,119

Land and building	500,825	500,825
Furniture and fixtures	1,365,707	1,362,028
Computer software	429,017	160,847
Leasehold improvements	1,081,259	1,081,259
	-----	-----
	6,615,916	5,432,078
Less: accumulated depreciation	(3,649,959)	(2,689,538)
	-----	-----
	\$ 2,965,957	\$ 2,742,540
	=====	=====

</TABLE>

Depreciation expense totaled \$960,421, \$1,176,962 and \$950,559 for the years ended March 31, 1998, 1997 and 1996, respectively.

7. COMMITMENTS AND CONTINGENCIES

The Company leases its office facilities under a non-cancelable operating lease, which expires October 31, 2001. In addition to base rent, the Company is obligated to pay its pro-rata share of operating expenses.

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LACERTE SOFTWARE CORPORATION AND
LACERTE EDUCATIONAL SERVICES CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

Future minimum lease commitments under the operating lease as of March 31, 1998 are as follows:

<TABLE>
<CAPTION>

Years Ending March 31, ----	Minimum lease payments -----
<S>	<C>
1999	\$1,580,809
2000	1,580,809
2001	1,580,809
2002	857,879
	=====
	\$5,600,306
	=====

</TABLE>

Rent expense for the years ended March 31, 1998, 1997 and 1996 was approximately \$1,785,114, \$1,797,856 and \$1,738,580, respectively.

The company entered into a three year contract, which extends through October 31, 2000, whereby it has committed to purchase at least \$900,000 per year of long distance service with a carrier.

8. BENEFIT PLANS

Management Incentive Program

The Company maintains a management incentive program for certain of its full-time employees. Amounts provided are determined pursuant to criteria established by the President and Chief Executive Officer. Compensation expense related to this program was approximately \$6,455,295, \$5,667,673 and \$4,436,730 for the years ended March 31, 1998, 1997 and 1996, respectively.

401(k) Retirement Savings Plan

The Company maintains a 401(k) retirement savings plan for its full-time employees. Each participant may elect to contribute from 1% to 14% of his or her annual salary to the plan, subject to IRS limitations. The Company matches 50% of employee contributions. Matching contributions were approximately \$649,435, \$616,321, and \$506,977, respectively, for the years ended March 31, 1998, 1997, and 1996.

LACERTE SOFTWARE CORPORATION AND LACERTE EDUCATIONAL SERVICES CORPORATION
 UNAUDITED CONDENSED COMBINED STATEMENT OF OPERATIONS INFORMATION

<TABLE>
 <CAPTION>

	SIX MONTHS ENDED MARCH 31, 1998 ----- (IN THOUSANDS)
<S>	<C>
Net revenue.....	\$ 64,208
Costs and expenses:	
Cost of goods sold:	
Product.....	3,185
Amortization of purchased software and other.....	--
Customer service and technical support.....	3,523
Selling and marketing.....	2,442
Research and development.....	8,925
General and administrative.....	9,150
Other acquisition costs, including amortization of goodwill and purchased intangibles.....	--
Total costs and expenses.....	----- 27,225 -----
Income (loss) from operations.....	36,983
Interest and other income and expense, net.....	331
Gain on disposal of business.....	--
Net income (loss) before income taxes..	----- 37,314
Provision for (benefit from) income taxes.....	71
Net income (loss).....	----- \$ 37,243 =====

</TABLE>